

**APPENDIX A – Parties Filing Comments and Reply Comments****Parties filing initial comments in CC Docket No. 00-199**

ALLTEL Communications Corporation (ALLTEL)  
AT&T Corporation (AT&T)  
BellSouth Corporation (BellSouth)  
Cincinnati Bell Telephone Company (CBT)  
Florida Public Service Commission (Florida)  
General Services Administration (GSA)  
Idaho Public Service Commission (Idaho)  
Iowa Telecommunications Services, Inc. (Iowa Telecom)  
Independent Telephone and Telecommunications Alliance (ITTA)  
Maryland Public Service Commission (Maryland)  
Montana Public Service Commission (Montana)  
National Association of Regulatory Utility Commissioners (NARUC)  
Nebraska Public Service Commission (Nebraska)  
New York State Department of Public Service (New York)  
North Carolina Utilities Commission – Public Staff (North Carolina Public Staff)  
Ohio Consumers' Counsel and the National Association of State Utility Consumer Advocates (Ohio CC and NASUCA)  
Public Utility Commission of Oregon (Oregon)  
Qwest Corporation (Qwest)  
Roseville Telephone Company (Roseville)  
Rural Utilities Service (RUS)  
Sprint Corporation (Sprint)  
TDS Telecommunications Corporation (TDS)  
United States Telecom Association (USTA)  
Utah Public Service Commission and the Utah Division of Public Utilities (Utah)  
Verizon Communications, Inc. (Verizon)  
Washington Utilities and Transportation Commission (Washington)  
Public Service Commission of Wisconsin (Wisconsin)  
WorldCom, Inc. (WorldCom)  
Wyoming Public Service Commission (Wyoming)

**Parties filing reply comments in CC Docket No. 00-199**

Regulatory Commission of Alaska (Alaska)  
ALLTEL  
Association for Local Telecommunications Services (ALTS)  
AT&T  
BellSouth  
California Public Utilities Commission (California)  
Federal-State Joint Board on Separations  
GSA  
Illinois Commerce Commission (Illinois)  
ITTA  
NARUC  
National Cable Television Association (NCTA)

Ohio CC and NASUCA  
Public Utilities Commission of Nevada (Nevada)  
Qwest  
Sprint  
USTA  
Verizon  
Virginia State Corporation Commission (Virginia)  
WorldCom  
XO Communications, Inc. (XO Communications)

**Parties filing comments to June 8 Public Notice**

BellSouth  
GSA  
New York  
Ohio Consumer's Counsel (Ohio CC)  
Oregon  
RUS  
SBC Communications, Inc. (SBC)  
Sprint  
USTA  
Verizon  
Wisconsin  
WorldCom

**Parties filing reply comments to June 8 Public Notice**

GSA  
New Hampshire Public Utilities Commission (New Hampshire)  
Ohio CC  
Sprint  
USTA  
Verizon

**Ex parte filings**

ALTS and XO Communications, July 26, 2001  
BellSouth, August 2, 2001  
Washington, August 16, 2001  
Illinois, August 24, 2001  
Nebraska, August 27, 2001  
South Dakota Public Utilities Commission, August 27, 2001 (South Dakota)  
AT&T, August 29, 2001  
New Mexico Public Regulation Commission, August 30, 2001 (New Mexico)  
NCTA, August 31, 2001  
North Dakota Public Service Commission, August 31, 2001 (North Dakota)  
Utah, August 31, 2001  
North Carolina Utilities Commission, September 4, 2001 (North Carolina)  
NARUC, September 6, 2001  
Florida, September 6, 2001  
Maryland, September 7, 2001

New Hampshire, September 7, 2001

Qwest, September 10, 2001

Michigan Public Service Commission, September 14, 2001 (Michigan)

Indiana Utility Regulatory Commission, September 21, 2001 (Indiana)

NARUC, September 26, 2001

USTA, September 28, 2001

Kansas Corporation Commission, October 2, 2001 (Kansas)

California, October 2, 2001

Competitive Telecommunications Association, October 3, 2001 (CompTel)

Michigan, October 3, 2001

239. NASUCA, October 4, 2001

NARUC, October 4, 2001

## APPENDIX B – List of eliminated Class A accounts

1130 Cash	4020 Notes payable
1140 Special cash deposits	4030 Advance billing and payments
1150 Working cash advances	4050 Current maturities—long-term debt
1160 Temporary investments	4060 Current maturities—capital leases
1180 Telecommunications accounts receivable	4120 Other accrued liabilities
1181 Accounts receivable allowance—telecommunications	4210 Funded debt
1190 Other accounts receivable	4220 Premium on long-term debt
1191 Accounts receivable allowance—other	4230 Discount on long-term debt
1200 Notes receivable	4240 Reacquired debt
1201 Notes receivable allowance	4250 Obligations under capital leases
1210 Interest and dividends receivable	4260 Advances from affiliated companies
1290 Prepaid rents	4270 Other long-term debt
1300 Prepaid taxes	4310 Other long-term liabilities
1310 Prepaid insurance	4360 Other deferred credits
1320 Prepaid directory expenses	5000 Basic local service revenue
1330 Other prepayments	5002 Optional extended area revenue
1401 Investment in affiliated companies	5003 Cellular mobile revenue
1402 Investments in nonaffiliated companies	5004 Other mobile services revenue
1406.1 Permanent investment	5050 Customer premises revenue
1406.2 Receivable/payable	5069 Other local exchange revenue settlements
1406.3 Current net income or loss	5080 Network access revenue
1407 Unamortized debt issuance expense	5084 State access revenue
1408 Sinking funds	5110 Unidirectional long distance revenue
1437 Deferred tax regulatory asset	5111 Long distance inward-only revenue
1439 Deferred charges	5112 Long distance outward-only revenue
2123.1 Office support equipment	5120 Long distance private network revenue
2123.2 Company communications equipment	5121 Subvoice grade long distance private network revenue
2215 Electro-mechanical switching	5122 Voice grade long distance private network revenue
Step-by-step switching	5123 Audio program grade long distance private network revenue
Crossbar switching	5124 Video program grade long distance private network revenue
Other electro-mechanical switching	5125 Digital transmission long distance private network revenue
2231.1 Satellite and earth station facilities	5126 Long distance private network switching revenue
2231.2 Other radio facilities	5128 Other long distance private network revenue
2425 Deep sea cable	5129 Other long distance private network revenue settlements
Nonmetallic cable	5160 Other long distance revenue
Metallic cable	5169 Other long distance revenue settlements
3420 Accumulated amortization—leasehold improvement	
3500 Accumulated amortization—intangible	
3600 Accumulated amortization—other	
4010 Accounts payable	

5230	Directory revenue	6725	Legal
5240	Rent revenue	6726	Procurement
5250	Corporate operations revenue	6727	Research and development
5260	Miscellaneous revenue	6728	Other general and administrative
5261	Special billing arrangements revenue	7110	Income from custom work
5262	Customer operations revenue	7130	Return from nonregulated use of regulated facilities
5263	Plant operations revenue	7140	Gains and losses from foreign exchange
5264	Other incidental regulated revenue	7150	Gains and losses from the disposition of land and artworks
5269	Other revenue settlements	7160	Other operating gains and losses
5270	Carrier billing and collection revenue	7200	Operating taxes
5301	Uncollectible revenue-telecom	7310	Dividend income
5302	Uncollectible revenue-other	7320	Interest income
6110	Network support expense	7330	Income from sinking and other funds
6120	General support expenses	7340	Allowance for funds used during construction
6210	Central office switching expenses	7350	Gains and losses from the disposition of certain property
6215	Electro-mechanical expense	7360	Other nonoperating income
	Step-by-step switching	7370	Special charges
	Crossbar switching	7410	Nonoperating Investment tax credit—net
	Other electro-mechanical switching	7420	Nonoperating federal income taxes
6230	Central office transmission expense	7430	Nonoperating state and local income taxes
6231.1	Satellite and earth station facilities	7440	Nonoperating other taxes
6231.2	Other radio facilities	7450	Provision for deferred nonoperating income taxes—net
6310	Information origination/termination expense	7510	Interest on funded debt
6410	Cable and wire facilities expense	7520	Interest expense—capital leases
6425	Deep sea cable expense	7530	Amortization of debt issuance expense
	Nonmetallic cable	7540	Other interest deductions
	Metallic cable	7610	Extraordinary income credits
6510	Other property, plant and equipment expenses	7620	Extraordinary income charges
6530	Network operations expenses	7630	Current income tax effect of extraordinary items—net
6561	Depreciation expense—	7640	Provision for deferred income tax effect of extraordinary items—net
	Telecommunications plant in service		
6562	Depreciation expense—property held for future telecommunications use		
6563	Amortization expense—tangible		
6564	Amortization expense—intangible		
6565	Amortization expense—other		
6610	Marketing		
6612	Sales		
6621	Call completion services		
6622	Number services		
6623	Customer services		
6710	Executive and planning		
6711	Executive		
6712	Planning		
6721	Accounting and finance		
6722	External relations		
6723	Human resources		
6724	Information management		

## APPENDIX C – Revised list of Class A accounts

1120 Cash and equivalents	2351 Public telephone terminal equipment
1170 Receivables	2362 Other terminal equipment
1171 Allowance for doubtful accounts	2411 Poles
1220 Inventories	2421 Aerial cable
1220.1 Materials and supplies	Nonmetallic
1220.2 Property held for sale or lease	Metallic
1280 Prepayments	2422 Underground cable
1350 Other current assets	Nonmetallic
1406 Nonregulated investments	Metallic
1410 Other noncurrent assets	2423 Buried cable
1438 Deferred maintenance, retirements, and other deferred charges	Nonmetallic
1500 Other jurisdictional assets – net	Metallic
2001 Telecommunications plant in service	2424 Submarine and deep sea cable
2002 Property held for future telecommunications use	Nonmetallic
2003 Telecommunications plant under construction	Metallic
2005 Telecommunications plant adjustment	2426 Intrabuilding network cable
2006 Nonoperating plant	Nonmetallic
2007 Goodwill	Metallic
2111 Land	2431 Aerial wire
2112 Motor vehicles	2441 Conduit systems
2113 Aircraft	2681 Capital leases
2114 Tools and other work equipment	2682 Leasehold improvements
2121 Buildings	2690 Intangibles
2122 Furniture	Network software
2123 Office equipment	General purpose computer software
2124 General purpose computers	3100 Accumulated depreciation
2211 Non-digital switching	3200 Accumulated depreciation--held for future telecommunications use
2212 Digital electronic switching	3300 Accumulated depreciation nonoperating
2212.1 Circuit	3410 Accumulated amortization—capitalized
2212.2 Packet	leases
2220 Operator systems	4000 Current accounts and notes payable
2231 Radio systems	4040 Customers' deposits
2232 Circuit equipment	4070 Income taxes--accrued
2232.1 Electronic	4080 Other taxes--accrued
2232.2 Optical	4100 Net current deferred operating income
2311 Station apparatus	taxes
2321 Customer premises wiring	
2341 Large private branch exchanges	

4110 Net current deferred nonoperating income	6121 Land and building expenses
taxes	6122 Furniture and artworks expense
4130 Other current liabilities	6123 Office equipment expense
4200 Long term debt and funded debt	6124 General purpose computers expense
4300 Other long term liabilities and deferred	6211 Non-digital switching expense
credits	6212 Digital electronic switching expense
4320 Unamortized operating investment tax	6212.1 Circuit
credits--net	6212.2 Packet
4330 Unamortized nonoperating investment tax	6220 Operator systems expense
credits--net	6231 Radio systems expense
4340 Net noncurrent deferred operating income	6232 Circuit equipment expense
taxes	6232.1 Electronic
4341 Net deferred tax liability adjustments	6232.2 Optical
4350 Net noncurrent deferred nonoperating	6311 Station apparatus expense
income taxes	6341 Large private branch exchange expense
4361 Deferred tax regulatory adjustments--net	6351 Public telephone terminal equipment expense
4370 Other jurisdictional liabilities and deferred	6362 Other terminal equipment expense
credits--net	6411 Poles expense
4510 Capital stock	6421 Aerial cable expense
4520 Additional paid-in capital	Nonmetallic
4530 Treasury stock	Metallic
4540 Other capital	6422 Underground cable expense
4550 Retained earnings	Nonmetallic
5001 Basic area revenue	Metallic
5040 Private line revenue	6423 Buried cable expense
5060 Other basic area revenue	Nonmetallic
5081 End user revenue	Metallic
5082 Switched access revenue	6424 Submarine and deep sea cable expense
5083 Special access revenue	Nonmetallic
5105 Long distance message revenue	Metallic
5200 Miscellaneous revenue	6426 Intrabuilding network cable expense
5280 Nonregulated operating revenue	Nonmetallic
5300 Uncollectible revenue	Metallic
6112 Motor vehicle expense	6431 Aerial wire expense
6113 Aircraft expense	6441 Conduit systems expense
6114 Tools and other work equipment expense	6511 Property held for future telecommunications use expense
	6512 Provisioning expense
	6531 Power expense

6532 Network administration expense  
6533 Testing expense  
6534 Plant operations administration  
expense  
6535 Engineering expense  
6540 Access expense  
6560 Depreciation and amortization  
expenses  
6611 Product management and sales  
6613 Product advertising  
6620 Services  
    6620.1 Wholesale  
    6620.2 Retail  
6720 General and administrative  
6790 Provision for uncollectible notes  
receivable  
7100 Other operating income and  
expenses  
7210 Operating investment tax credits –  
net  
7220 Operating Federal income taxes  
7230 Operating state and local income  
taxes  
7240 Operating other taxes  
7250 Provision for deferred operating  
income  
    taxes – net  
7300 Nonoperating income and expense  
7400 Nonoperating taxes  
7500 Interest and related items  
7600 Extraordinary items  
7910 Income effect of jurisdictional  
ratemaking  
    differences – net  
7990 Nonregulated net income

## APPENDIX D – Revised list of Class B accounts

1120 Cash and equivalents	4080 Other taxes—accrued
1170 Receivables	4100 Net current deferred operating income
1171 Allowance for doubtful accounts	taxes
1220 Inventories	4110 Net current deferred nonoperating income
1220.1 Materials and supplies	taxes
1220.2 Property held for sale or lease	4130 Other current liabilities
1280 Prepayments	4200 Long term debt and funded debt
1350 Other current assets	4300 Other long term liabilities and deferred credits
1406 Nonregulated investments	4320 Unamortized operating investment tax
1410 Other noncurrent assets	credits—net
1438 Deferred maintenance and retirements	4330 Unamortized nonoperating investment tax
1500 Other jurisdictional assets—net	credits—net
2001 Telecommunications plant in service	4340 Net noncurrent deferred operating income
2002 Property held for future telecommunications use	taxes
2003 Telecommunications plant under construction	4341 Net deferred tax liability adjustments
2005 Telecommunications plant adjustment	4350 Net noncurrent deferred nonoperating income taxes
2006 Nonoperating plant	4361 Deferred tax regulatory adjustments—net
2007 Goodwill	4370 Other jurisdictional liabilities and deferred credits—net
2110 Land and support assets	4510 Capital stock
2210 Central office switching	4520 Additional paid-in capital
2220 Operator systems	4530 Treasury stock
2230 Central office—transmission	4540 Other capital
2310 Information origination/termination	4550 Retained earnings
2410 Cable and wire facilities	5000 Basic local service revenue
2680 Amortizable tangible assets	5081 End user revenue
2690 Intangibles	5082 Switched access revenue
3100 Accumulated depreciation	5083 Special access revenue
3200 Accumulated depreciation--held for future telecommunications use	5105 Long distance message revenue
3300 Accumulated depreciation—nonoperating	5200 Miscellaneous revenue
3410 Accumulated amortization—capitalized leases	5280 Nonregulated operating revenue
4000 Current accounts and notes payable	5300 Uncollectible revenue
4040 Customers' deposits	6110 Network support expense
4070 Income taxes—accrued	

6120 General support expenses	6620 Services
6210 Central office switching expenses	6720 General and administrative
6220 Operator systems expense	6790 Provision for uncollectible notes receivable
6230 Central office transmission expense	7100 Other operating income and expenses
6310 Information origination/termination expense	7200 Operating taxes
6410 Cable and wire facilities expenses	7300 Nonoperating income and expense
6510 Other property, plant and equipment expenses	7400 Nonoperating taxes
6530 Network operations expenses	7500 Interest and related items
6540 Access expense	7600 Extraordinary items
6560 Depreciation and amortization expenses	7910 Income effect of jurisdictional ratemaking differences-net
6610 Marketing	7990 Nonregulated net income

**APPENDIX E – Data for High-Cost Model Inputs Purposes**

2111 Land  
2112 Motor vehicles  
2113 Aircraft  
2114 Tools and other work equipment  
2121 Buildings  
2122 Furniture  
2123 Office equipment  
2124 General purpose computers  
  
2212 Digital electronic switching  
2220 Operator systems  
2232 Circuit equipment  
2362 Other terminal equipment  
  
2411 Poles  
2421 Aerial cable  
    Nonmetallic  
    Metallic  
2422 Underground cable  
    Nonmetallic  
    Metallic  
2423 Buried cable  
    Nonmetallic  
    Metallic  
2426 Intrabuilding network cable  
    Nonmetallic  
    Metallic  
2441 Conduit systems  
  
6112 Motor vehicle expense  
6113 Aircraft expense  
6114 Tools and other work equipment expense  
6121 Land and building expenses  
6122 Furniture and artworks expense  
6123 Office equipment expense  
6124 General purpose computers expense  
  
6212 Digital electronic switching expense  
6232 Circuit equipment expense  
  
6411 Poles expense  
6421 Aerial cable expense  
    Nonmetallic

## APPENDIX F – FINAL RULES

Part 32 of title 47 of the C.F.R. is amended as follows:

**PART 32 – UNIFORM SYSTEM OF ACCOUNTS FOR TELECOMMUNICATIONS COMPANIES**

The authority citation for part 32 continues to read as follows:

**Authority:** 47 U.S.C. 154(I), and 154(j) and 220 as amended, unless otherwise noted.

Table of Contents, Part 32—Uniform System of Accounts for Telecommunications Companies is revised to read as follows:

**PART 32—UNIFORM SYSTEM OF  
ACCOUNTS FOR  
TELECOMMUNICATIONS COMPANIES**

**Subpart A—Preface**

Sec.

- 32.1 Background.
- 32.2 Basis of the accounts.
- 32.3 Authority
- 32.4 Communications Act.

**Subpart B—General Instructions**

- 32.11 Classification of companies.
- 32.12 Records.
- 32.13 Accounts—general.
- 32.14 Regulated accounts.
- 32.15 [Reserved]
- 32.16 Changes in accounting standards.
- 32.17 Interpretation of accounts.
- 32.18 Waivers.
- 32.19 Address for reports and correspondence.
- 32.20 Numbering convention.
- 32.21 Sequence of accounts.
- 32.22 Comprehensive interperiod tax allocation.
- 32.23 Nonregulated activities.
- 32.24 Compensated absences.
- 32.25 Unusual items and contingent liabilities.
- 32.26 Materiality.
- 32.27 Transactions with affiliates.

**Subpart C—Instructions for Balance  
Sheet Accounts**

- 32.101 Structure of the balance sheet accounts.

- 32.102 Nonregulated investments.
- 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.
- 32.1120 Cash and equivalents.
- 32.1170 Receivables.
- 32.1171 Allowance for doubtful accounts.
- 32.1220 Inventories.
- 32.1280 Prepayments.
- 32.1350 Other current assets.
- 32.1406 Nonregulated investments.
- 32.1410 Other noncurrent assets.
- 32.1438 Deferred maintenance and retirements.
- 32.1500 Other jurisdictional assets – net.
- 32.2000 Instructions for telecommunications plant accounts.
- 32.2001 Telecommunications plant in service.
- 32.2002 Property held for future telecommunications use.
- 32.2003 Telecommunications plant under construction.
- 32.2005 Telecommunications plant adjustment
- 32.2006 Nonoperating plant
- 32.2007 Goodwill.
- 32.2110 Land and support assets.
- 32.2111 Land.
- 32.2112 Motor vehicles.
- 32.2113 Aircraft.
- 32.2114 Tools and other work equipment.
- 32.2121 Buildings.
- 32.2122 Furniture.
- 32.2123 Office equipment.
- 32.2124 General purpose computers.
- 32.2210 Central office switching.
- 32.2211 Non-digital switching.
- 32.2212 Digital electronic switching.
- 32.2220 Operator systems.
- 32.2230 Central office—transmission.

32.2231 Radio systems.  
 32.2232 Circuit equipment  
 32.2310 Information origination/termination.  
 32.2311 Station apparatus.  
 32.2321 Customer premises wiring.  
 32.2341 Large private branch exchanges.  
 32.2351 Public telephone terminal equipment  
 32.2362 Other terminal equipment  
 32.2410 Cable and wire facilities.  
 32.2411 Poles.  
 32.2421 Aerial cable.  
 32.2422 Underground cable.  
 32.2423 Buried cable.  
 32.2424 Submarine and deep sea cable.  
 32.2426 Intrabuilding network cable.  
 32.2431 Aerial wire.  
 32.2441 Conduit systems.  
 32.2680 Amortizable tangible assets.  
 32.2681 Capital leases.  
 32.2682 Leasehold improvements.  
 32.2690 Intangibles.  
 32.3000 Instructions for balance sheet  
     accounts—Depreciation and  
     amortization.  
 32.3100 Accumulated depreciation.  
 32.3200 Accumulated depreciation--held for  
     future telecommunications use.  
 32.3300 Accumulated depreciation  
     nonoperating.  
 32.3410 Accumulated amortization—capitalized  
     leases.  
 32.3999 Instructions for balance sheet  
     accounts—liabilities and stockholders'  
     equity.  
 32.4000 Current accounts and notes payable.  
 32.4040 Customers' deposits.  
 32.4070 Income taxes—accrued.  
 32.4080 Other taxes—accrued.  
 32.4100 Net current deferred operating income  
     taxes.  
 32.4110 Net current deferred nonoperating  
     income taxes.  
 32.4130 Other current liabilities  
 32.4200 Long term debt and funded debt  
 32.4300 Other long term liabilities and deferred  
     credits.  
 32.4320 Unamortized operating investment tax  
     credits—net.  
 32.4330 Unamortized nonoperating investment  
     tax credits—net.  
 32.4340 Net noncurrent deferred operating  
     income taxes.  
 32.4341 Net deferred tax liability adjustments.  
 32.4350 Net noncurrent deferred nonoperating  
     income taxes.  
 32.4361 Deferred tax regulatory adjustments—

net.

32.4370 Other jurisdictional liabilities and  
     deferred credits—net.  
 32.4510 Capital stock.  
 32.4520 Additional paid-in capital.  
 32.4530 Treasury stock.  
 32.4540 Other capital.  
 32.4550 Retained earnings.

#### Subpart D—Instructions for Revenue Accounts

32.4999 General.  
 32.5000 Basic local service revenue.  
 32.5001 Basic area revenue.  
 32.5040 Private line revenue.  
 32.5060 Other basic area revenue.  
 32.5081 End user revenue.  
 32.5082 Switched access revenue.  
 32.5083 Special access revenue.  
 32.5105 Long distance message revenue.  
 32.5200 Miscellaneous revenue.  
 32.5280 Nonregulated operating revenue.  
 32.5300 Uncollectible revenue.

#### Subpart E—Instructions for Expense Accounts

32.5999 General.  
 32.6110 Network support expense.  
 32.6112 Motor vehicle expense.  
 32.6113 Aircraft expense.  
 32.6114 Tools and other work equipment  
     expense.  
 32.6120 General support expenses.  
 32.6121 Land and building expenses.  
 32.6122 Furniture and artworks expense.  
 32.6123 Office equipment expense.  
 32.6124 General purpose computers expense.  
 32.6210 Central office switching expenses.  
 32.6211 Non-digital switching expense.  
 32.6212 Digital electronic switching expense.  
 32.6220 Operator systems expense.  
 32.6230 Central office transmission expense.  
 32.6231 Radio systems expense.  
 32.6232 Circuit equipment expense.  
 32.6310 Information origination/termination  
     expense.  
 32.6311 Station apparatus expense.  
 32.6341 Large private branch exchange  
     expense.  
 32.6351 Public telephone terminal equipment  
     expense.  
 32.6362 Other terminal equipment expense.  
 32.6410 Cable and wire facilities expenses.

32.6411 Poles expense.  
 32.6421 Aerial cable expense.  
 32.6422 Underground cable expense.  
 32.6423 Buried cable expense.  
 32.6424 Submarine and deep sea cable expense.  
 32.6426 Intrabuilding network cable expense.  
 32.6431 Aerial wire expense.  
 32.6441 Conduit systems expense.  
 32.6510 Other property, plant and equipment expenses.  
 32.6511 Property held for future telecommunications use expense.  
 32.6512 Provisioning expense.  
 32.6530 Network operations expenses.  
 32.6531 Power expense.  
 32.6532 Network administration expense.  
 32.6533 Testing expense.  
 32.6534 Plant operations administration expense.  
 32.6535 Engineering expense.  
 32.6540 Access expense.  
 32.6560 Depreciation and amortization expenses.  
 32.6610 Marketing.  
 32.6611 Product management and sales  
 32.6613 Product advertising  
 32.6620 Services.  
 32.6720 General and administrative.  
 32.6790 Provision for uncollectible notes receivable.

**Subpart F—Instructions for Other  
Income Accounts**

32.6999 General.  
 32.7099 Content of accounts.  
 32.7100 Other operating income and expenses.  
 32.7199 Content of accounts.  
 32.7200 Operating taxes.  
 32.7210 Operating investment tax credits – net.  
 32.7220 Operating Federal income taxes.  
 32.7230 Operating state and local income taxes.  
 32.7240 Operating other taxes.  
 32.7250 Provision for deferred operating income taxes – net.  
 32.7299 Content of accounts.  
 32.7300 Nonoperating income and expense.  
 32.7399 Content of accounts.  
 32.7400 Nonoperating taxes.  
 32.7499 Content of accounts.  
 32.7500 Interest and related items.  
 32.7599 Content of accounts.  
 32.7600 Extraordinary items.  
 32.7899 Content of accounts.  
 32.7910 Income effect of jurisdictional ratemaking differences – net.  
 32.7990 Nonregulated net income.

**Subpart G—Glossary**

32.9000 Glossary of terms.

Section 32.11 Classification of companies is revised to read as follows:

**§ 32.11 Classification of Companies.**

(a) For purposes of this section, the term “company” or “companies” means incumbent local exchange carrier(s) as defined in section 251(h) of the Communications Act, and any other carriers that the Commission designates by Order.

(b) For accounting purposes, companies are divided into classes as follows:

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

(c) Class A companies, except mid-sized incumbent local exchange carriers, as defined by § 32.9000, shall keep all the accounts of this system of accounts which are

applicable to their affairs and are designated as Class A accounts. Class A companies, which include mid-sized incumbent local exchange carriers, shall keep Basic Property Records in compliance with the requirements of §§ 32.2000(e) and (f) of this part.

(d) Class B companies and mid-sized incumbent local exchange carriers, as defined by § 32.9000, shall keep all accounts of this system of accounts which are applicable to their affairs and are designated as Class B accounts. Mid-sized incumbent local exchange carriers shall also maintain subsidiary record categories necessary to provide the pole attachment data currently provided in the Class A accounts. Class B companies shall keep Continuing Property Records in compliance with the requirements of §§ 32.2000(e)(7)(A) and 32.2000(f) of this part.

(e) Class B companies and mid-sized incumbent local exchange carriers, as defined by § 32.9000 of this part, that desire more detailed accounting may adopt the accounts prescribed for Class A companies upon the submission of a written notification to the Commission.

(f) The classification of a company shall be determined at the start of the calendar year following the first time its annual operating revenue from regulated telecommunications operations equals, exceeds, or falls below the indexed revenue threshold.

Section 32.13 Accounts—general is amended by deleting paragraph (a)(1) and redesignating paragraphs (a)(2) and (a)(3) as (a)(1) and (a)(2).

Section 32.14 Regulated accounts is amended by revising paragraph (e) to read as follows:

**§32.14 Regulated accounts.**

\* \* \* \* \*

(e) All costs and revenues related to the offering of regulated products and services which result from arrangements for joint participation or apportionment between two or more telephone companies (e.g., joint operating agreements, settlement agreements, cost-pooling agreements) shall be recorded within the detailed accounts. Under joint operating agreements, the creditor will initially charge the entire expenses to the appropriate primary accounts. The proportion of such expenses borne by the debtor shall be credited by the creditor and charged by the debtor to the account initially charged. Any allowances for return on property used will be accounted for as provided in Account 5200, Miscellaneous revenue.

\* \* \* \* \*

Section 32.16 Changes in accounting standard is amended by revising paragraph (a) to read as follows:

**§ 32.16 Changes in accounting standard.**

(a) The company's records and accounts shall be adjusted to apply new accounting standards prescribed by the Financial Accounting Standards Board or successor authoritative accounting standard-setting groups, in a manner consistent with generally accepted accounting principles. The change in an accounting standard will automatically take effect 90 days after the company informs this Commission of its intention to follow the new standard, unless the Commission notifies the company to the contrary. Any change adopted shall be disclosed in annual reports required by § 43.21(f) in the year of adoption.

\* \* \* \* \*

Section 32.24 Compensated absences is amended by revising paragraph (b) to read as follows:

**§32.24 Compensated absences.**

\* \* \* \* \*

(b) With respect to the liability that exists for compensated absences which is not yet recorded on the books as of the effective date of this part, the liability shall be recorded in Account 4130, Other current liabilities, with a corresponding entry to Account 1438, Deferred maintenance, retirements and other deferred charges. This deferred charge shall be amortized on a straight-line basis over a period of ten years.

\* \* \* \* \*

Section 32.27 Transactions with affiliates is revised to read as follows:

**§32.27 Transactions with affiliates.**

(a) Unless otherwise approved by the Chief, Common Carrier Bureau, transactions with affiliates involving asset transfers into or out of the regulated accounts shall be recorded by the carrier in its regulated accounts as provided in paragraphs (b) through (f) of this section.

(b) Assets sold or transferred between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed assets sold or transferred between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other assets sold by or transferred from a carrier to its affiliate, the assets shall be recorded at no less than the higher of fair market value and net book cost. For all other assets sold by or transferred

to a carrier from its affiliate, the assets shall be recorded at no more than the lower of fair market value and net book cost.

(1) *Floor.* When assets are sold by or transferred from a carrier to an affiliate, the higher of fair market value and net book cost establishes a floor, below which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or greater than the floor, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(2) *Ceiling.* When assets are purchased from or transferred from an affiliate to a carrier, the lower of fair market value and net book cost establishes a ceiling, above which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or less than the ceiling, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(3) *Threshold.* For purposes of this section carriers are required to make a good faith determination of fair market value for an asset when the total aggregate annual value of the asset(s) reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular asset for the first time, the carrier must perform the market valuation and value the transaction on a going-forward basis in accordance with the affiliate transactions rules on a going-forward basis. When the total aggregate annual value of the asset(s) does not reach or exceed \$500,000, the asset(s) shall be recorded at net book cost.

(c) Services provided between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed services provided between a carrier and its affiliate pursuant to publicly-filed agreements submitted to a state commission pursuant to section 252(e) of the Communications Act of 1934 or statements of generally available terms pursuant to section 252(f) shall be recorded using the charges appearing in such publicly-filed agreements or statements. Non-tariffed services provided between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other services sold by or transferred from a carrier to its affiliate, the services shall be recorded at no less than the higher of fair market value and fully distributed cost. For all other services sold by or transferred to a carrier from its affiliate, the services shall be recorded at no more than the lower of fair market value and fully distributed cost.

(1) *Floor.* When services are sold by or transferred from a carrier to an affiliate, the higher of fair market value and fully distributed cost establishes a floor, below which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or greater than the floor, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(2) *Ceiling.* When services are purchased from or transferred from an affiliate to a carrier, the lower of fair market value and fully distributed cost establishes a ceiling, above which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or less than the ceiling, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(3) *Threshold.* For purposes of this section, carriers are required to make a good faith determination of fair market value for a service when the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular service for the first time, the carrier must perform the market valuation and value the transaction in accordance with the affiliate transactions rules on a going-forward basis. All services received by a carrier from its affiliate(s) that exist solely to provide services to members of the carrier's corporate family shall be recorded at fully distributed cost.

(d) In order to qualify for prevailing price valuation in paragraphs (b) and (c) of this section, sales of a particular asset or service to third parties must encompass greater than 25 percent of the total quantity of such product or service sold by an entity. Carriers shall apply this 25 percent threshold on an asset-by-asset and service-by-service basis, rather than on a product-line or service-line basis. In the case of transactions for assets and services subject to section 272, a BOC may record such transactions at prevailing price regardless of whether the 25 percent threshold has been satisfied.

(e) Income taxes shall be allocated among the regulated activities of the carrier, its nonregulated divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by the carrier and other members of the affiliated group, the income tax expense to be recorded by the carrier shall be the same as would result if determined for the carrier separately for all time periods, except that the tax effect of carry-back and carry-forward operating losses, investment tax credits, or other tax credits generated by operations of the carrier shall be recorded by the carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group.

(f) Companies that employ average schedules in lieu of actual costs are exempt from the provisions of this section. For other organizations, the principles set forth in this section shall apply equally to corporations, proprietorships, partnerships and other forms of business organizations.

Section 32.101 Structure of the balance sheet accounts is revised to read as follows:

**§32.101 Structure of the balance sheet accounts.**

The Balance Sheet accounts shall be maintained as follows:

Account 1120, Cash and equivalents, through Account 1500, Other jurisdictional assets--net, shall include assets other than regulated-fixed assets.

Account 2001, Telecommunications plant in service, through Account 2007, Goodwill, shall include the regulated-fixed assets.

Account 3100, Accumulated depreciation through Account 3410, Accumulated amortization—capitalized leases, shall include the asset reserves except that reserves related to certain asset accounts will be included in the asset account. (See §§ 32.2005, 32.2682 and 32.2690.)

Account 4000, Current accounts and notes payable, through Account 4550, Retained earnings, shall include all liabilities and stockholders equity.

Section 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained is revised as follows:

**§ 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.**

**BALANCE SHEET ACCOUNTS**

Account Title	Class A account	Class B account
Current Assets		
Cash and equivalents	1120	1120
Receivables	1170	1170
Allowance for doubtful accounts	1171	1171
Supplies:		
Material and supplies	1220	1220
Prepayments	1280	1280
Other current assets	1350	1350
Noncurrent Assets		
Investments:		
Nonregulated investments	1406	1406
Other noncurrent assets	1410	1410
Deferred charges:		
Deferred maintenance, retirements and other deferred charges	1438	1438
Other:		
Other jurisdictional assets-net	1500	1500

Section 32.1120 Cash and equivalents is revised to read as follows:

**§ 32.1120 Cash and equivalents.**

(a) This account shall include the amount of current funds available for use on demand in the hands of financial officers and agents, deposited in banks or other financial institutions and also funds in transit for which agents have received credit.

(b) This account shall include the amount of cash on special deposit, other than in sinking and other special funds provided for elsewhere, to pay dividends, interest, and other debts, when such payments are due one year or less from the date of deposit; the amount of cash deposited to insure the performance of contracts to be performed within one year from date of the deposit; and other cash deposits of a special nature not provided for elsewhere. This account shall include the amount of cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced, and also cash realized from the sale of the company's securities and deposited with trustees to be held until invested in physical property of the company or for disbursement when the purposes for which the securities were sold are accomplished.

(c) Cash on special deposit to be held for more than one year from the date of deposit shall be included in Account 1410, Other noncurrent assets.

(d) This account shall include the amount of cash advanced to officers, agents, employees, and others as petty cash or working funds from which expenditures are to be made and accounted for.

(e) This account shall include the cost of current securities acquired for the purpose of temporarily investing cash, such as time drafts receivable and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments of a temporary character.

(f) Accumulated changes in the net unrealized losses of current marketable equity securities shall be included in the determination of net income in the period in which they occur in Account 7300, Other Nonoperating Income and Expense.

(g) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts of temporary investments that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.1130 Cash is deleted.

Section 32.1140 Special cash deposits is deleted.

Section 32.1150 Working cash advances is deleted.

Section 32.1160 Temporary investments is deleted.

Section 32.1170 Receivables is added to read as follows:

**§ 32.1170 Receivables.**

(a) This account shall include all amounts due from customers for services rendered or billed and from agents and collectors authorized to make collections from customers. This account shall also include all amounts due from customers or agents for products sold. This account shall be kept in such manner as will enable the company to make the following analysis:

(1) Amounts due from customers who are receiving telecommunications service.

(2) Amounts due from customers who are not receiving service and whose accounts are in process of collection.

(b) Collections in excess of amounts charged to this account may be credited to and carried in this account until applied against charges for services rendered or until refunded.

(c) Cost of demand or time notes, bills and drafts receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

(d) Amount of interest accrued to the date of the balance sheet on bonds, notes, and other commercial paper owned, on loans made, and the amount of dividends receivable on stocks owned.

(e) This account shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking and other funds.

(f) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1410, Other noncurrent assets, as a reduction of the carrying value of the investment.

(g) This account shall include all amounts currently due, and not provided for in (a)-(g) above such as those for traffic settlements, divisions of revenue, material and supplies, matured rents, and interest receivable under monthly settlements on short-term loans, advances, and open accounts. If any of these items are not to be paid currently, they shall be transferred to Account 1410, Other noncurrent assets.

(h) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.1171 Allowance for doubtful accounts is added to read as follows:

**§ 32.1171 Allowance for doubtful accounts.**

(a) This account shall be credited with amounts charged to Accounts 5300, Uncollectible revenue, and 6790, Provision for uncollectible notes receivable to provide for uncollectible amounts related to accounts receivable and notes receivable included in Account 1170, Receivables. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1170. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 5300, Uncollectible revenue or directly to Account 6790, Provision for uncollectible notes receivable, as appropriate.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.1180 Telecommunications accounts receivable is deleted.

Section 32.1181 Accounts receivable allowance—telecommunications is deleted

Section 32.1190 Other accounts receivable is deleted.

Section 32.1191 Accounts receivable allowance—other is deleted.

Section 32.1200 Notes receivable is deleted.

Section 32.1201 Notes receivable allowance is deleted.

Section 32.1210 Interest and dividends receivable is deleted.

Section 32.1220 Inventories is amended by revising paragraphs (g) and (h) to read as follows:

**§ 32.1220 Inventories.**

\* \* \* \* \*

(g) Interest paid on material bills, the payments of which are delayed, shall be charged to Account 7500, Interest and related items.

(h) Inventories of material and supplies shall be taken periodically or frequently enough for reporting purposes, as appropriate, in accordance with generally accepted accounting principles. The adjustments to this account shall be charged or credited to Account 6512, Provisioning expense.

\* \* \* \* \*

Section 32.1280 Prepayments is revised to read as follows:

**§ 32.1280 Prepayments.**

(a) This account shall include:

(1) The amounts of rents paid in advance of the period in which they are chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the rents are paid, this account shall be credited monthly and the appropriate account charged.

(2) The balance of all taxes, other than amounts chargeable to telecommunication plant under construction and minor amounts which may be charged to the final accounts, paid in advance and which are chargeable to income within one year. As the term expires for which the taxes are paid, this account shall be credited monthly and the appropriate account charged.

(3) The amount of insurance premiums paid in advance of the period in which they are chargeable to income, except premiums chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the premiums are paid, this account shall be credited monthly and the appropriate account charged.

(4) The cost of preparing, printing, binding, and delivering directories and the cost of soliciting advertisements for directories, except minor amounts which may be charged directly to Account 6620, Services. Amounts in this account shall be cleared to Account 6620 by monthly charges representing that portion of the expenses applicable to each month.

(5) Other prepayments not included in (1)-(4) above except for minor amounts which may be charged directly to the final accounts. As the term expires for which the payments apply, this account shall be credited monthly and the appropriate account charged.

Section 32.1290 Prepaid rents is deleted.

Section 32.1300 Prepaid taxes is deleted.

Section 32.1310 Prepaid insurance is deleted.

Section 32.1320 Prepaid directory expenses is deleted.

Section 32.1330 Other prepayments is deleted.

Section 32.1350 Other current assets is revised to read as follows:

**§ 32.1350 Other current assets.**

This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1280.

Section 32.1401 Investments in affiliated companies is deleted.

Section 32.1402 Investments in nonaffiliated companies is deleted.

Section 32.1406 Nonregulated investments is amended by deleting paragraph (b).

Section 32.1407 Unamortized debt issuance expense is deleted.

Section 32.1408 Sinking funds is deleted.

Section 32.1410 Other noncurrent assets is revised to read as follows:

**§32.1410 Other noncurrent assets.**

(a) This account shall include the acquisition cost of the company's investment in equity or other securities issued or assumed by affiliated companies, including securities held in special funds (sinking funds). The carrying value of the investment (securities) accounted for on the equity method shall be adjusted to recognize the company's share of the earnings or losses and dividends received or receivable of the affiliated company

from the date of acquisition. (Note also Account 1170, Receivables, and Account 7300, Nonoperating income and expense.)

(b) This account shall include the acquisition cost of the Company's investment in securities issued or assumed by nonaffiliated companies and individuals, and also its investment advances to such parties and special deposits of cash for more than one year from date of deposit.

(c) Declines in value of investments, including those accounted for under the cost method, shall be charged to Account 4540, Other capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(d) This account shall also include advances represented by book accounts only with respect to which it is agreed or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(e) Amounts due from affiliated and nonaffiliated companies which are subject to current settlement shall be included in Account 1170, Receivables.

(f) This account shall include the total unamortized balance of debt issuance expense for all classes of outstanding long-term debt. Amounts included in this account shall be amortized monthly and charged to account 7500, Interest and related items.

(g) Debt Issuance expense includes all expenses in connection with the issuance and sale of evidence of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; costs of engraving and printing bonds, certificates of indebtedness, and other commercial paper; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen; fees and expenses of listing on exchanges, and other like costs. A subsidiary record shall be kept of each issue outstanding.

(h) This account shall include the amount of cash and other assets which are held by trustees or by the company's treasurer in a distinct fund, for the purpose of redeeming outstanding obligations. Interest or other income arising from funds carried in this account shall generally be charged to this account. A subsidiary record shall be kept for each sinking fund which shall designate the obligation in support of which the fund was created.

(i) This account shall include the amount of all noncurrent assets which are not includable in (a)-(h) above.

(j) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, long-term debt, advances to affiliates, and investment advances. A subsidiary record shall also be kept identifying special deposits of cash for more than one year from the date of deposit. Further, the company's record shall identify the securities

pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.

(k) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to the equity method and the cost method. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.1437 Deferred tax regulatory assets is deleted.

Section 32.1438 Deferred maintenance and retirements is renamed and revised to read as follows:

**§32.1438 Deferred maintenance, retirements and other deferred charges.**

(a) This account shall include such items as:

(1) The unprovided-for loss in service value of telecommunications plant for extraordinary nonrecurring retirement not considered in depreciation and the cost of extensive replacements of plant normally chargeable to the current period Plant Specific Operations Expense accounts. These charges shall be included in this account only upon direction or approval from this Commission. However, the company's application to this Commission for such approval shall give full particulars concerning the property retired, the extensive replacements, the amount chargeable to operating expenses and the period over which in its judgment the amount of such charges should be distributed.

(2) Unaudited amounts and other debit balances in suspense that cannot be cleared and disposed of until additional information is received; the amount, pending determination of loss, of funds on deposit with banks which have failed; revenue, expense, and income items held in suspense; amounts paid for options pending final disposition.

(3) Cost of preliminary surveys, plans, investigation, etc., made for construction projects under contemplation. If the projects are carried out, the preliminary costs shall be included in the cost of the plant constructed. If the projects are abandoned, the preliminary costs shall be charged to Account 7300, Nonoperating income and expense.

(4) Cost of evaluations, inventories, and appraisals taken in connection with the acquisition or sale of property. If the property is subsequently acquired, the preliminary costs shall be accounted for as a part of the cost of acquisition, or if it is sold, such costs shall be deducted from the sale price in accounting for the property sold. If purchases or sales are abandoned, the preliminary costs included herein (including options paid, if any) shall be charged to Account 7300.

Section 32.1439 Deferred charges is deleted.

Section 32.2000 Instructions for telecommunications plant accounts is amended by revising paragraphs (a)(2), (a)(4), (b)(2)(i), (b)(2)(iii), (b)(2)(iv), (c)(2)(x), (c)(2)(xiii), (d)(2)(i), (d)(4), (d)(5), (f)(3)(i), (g)(3), (g)(5), (h)(3), and (j) as follows:

**§ 32.2000 Instructions for telecommunications plant accounts.**

(a) \* \* \*

(2) The telecommunications plant accounts shall not include the cost or other value of telecommunications plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of telecommunications plant shall be credited to the accounts charged with the cost of such construction. Amounts of non-recurring reimbursements based on the cost of plant or equipment furnished in rendering service to a customer shall be credited to the accounts charged with the cost of the plant or equipment. Amounts received for construction which are ultimately to be repaid wholly or in part, shall be credited to Account 4300, Other long-term liabilities and deferred credits; when final determination has been made as to the amount to be returned, any unrefunded amounts shall be credited to the accounts charged with the cost of such construction. Amounts received for the construction of plant, the ownership of which rests with or will revert to others, shall be credited to the accounts charged with the cost of such construction. (Note also Account 7100, Other operating income and expense.)

(3) \* \* \*

(4) The cost of the individual items of equipment, classifiable to Accounts 2112, Motor vehicles; 2113, Aircraft; 2114, Tools and other work equipment; 2122, Furniture; 2123, Office equipment; 2124, General purpose computers, costing \$2,000 or less or having a life of less than one year shall be charged to the applicable expense accounts, except for personal computers falling within Account 2124. Personal computers classifiable to Account 2124, with a total cost for all components of \$500 or less, shall be charged to the applicable Plant Specific Operations Expense accounts. The cost of tools and test equipment located in the central office, classifiable to central office asset accounts 2210-2232 costing \$2000 or less or having a life of less than one year shall be charged to the applicable Plant Specific Operations Expense accounts. If the aggregate investment in the items is relatively large at the time of acquisition, such amounts shall be maintained in an applicable material and supplies account until items are used.

(b) \* \* \*

(2) \* \* \*

(i) The amount of money paid (or current money value of any consideration other than money exchanged) for the property (together with preliminary expenses incurred in

connection the acquisition) shall be charged to Account 1438, Deferred maintenance, retirements, and other deferred charges.

(ii) \* \* \*

(iii) Accumulated Depreciation and amortization balances related to plant acquired shall be credited to Account 3100, Accumulated depreciation, or Account 3200, Accumulated depreciation--held for future telecommunications use, or Account 3410, Accumulated amortization-- capitalized leases and debited to Account 1438. Accumulated amortization balances related to plant acquired which ultimately is recorded in Accounts 2005, Telecommunications plant adjustment, Account 2682, Leasehold improvements, or Account 2690, Intangibles shall be credited to these asset accounts, and debited to Account 1438.

(iv) Any amount remaining in Account 1438, applicable to the plant acquired, shall, upon completion of the entries provided in paragraphs (b)(2) (i), (ii) and (iii) of this section, be debited or credited, as applicable, to Account 2007, Goodwill, or to Account 2005, Telecommunications plant adjustment, as appropriate.

(3) \* \* \*

(c) \* \* \*

(2) \* \* \*

(x) Allowance for funds used during construction ("AFUDC") provides for the cost of financing the construction of telecommunications plant. AFUDC shall be charged to Account 2003, Telecommunications plant under construction, and credited to Account 7300, Nonoperating income and expense. The rate for calculating AFUDC shall be determined as follows: If financing plans associate a specific new borrowing with an asset, the rate on that borrowing may be used for the asset; if no specific new borrowing is associated with an asset or if the average accumulated expenditures for the asset exceed the amounts of specific new borrowing associated with it, the capitalization rate to be applied to such excess shall be the weighted average of the rates applicable to other borrowings of the enterprise. The amount of interest cost capitalized in an accounting period shall not exceed the total amount of interest cost incurred by the company in that period.

(xi) \* \* \*

(xiii) "Indirect construction costs" shall include indirect costs such as general engineering, supervision and support. Such costs, in addition to direct supervision, shall include indirect plant operations and engineering supervision up to, but not including, supervision by executive officers whose pay and expenses are chargeable to Account 6720, General and administrative. The records supporting the entries for indirect construction costs shall be kept so as to show the nature of the expenditures, the

individual jobs and accounts charged, and the bases of the distribution. The amounts charged to each plant account for indirect costs shall be readily determinable. The instructions contained herein shall not be interpreted as permitting the addition to plant of amounts to cover indirect costs based on arbitrary allocations.

(xiv) \* \* \*

(d) \* \* \*

(2) \* \* \*

(i) Retirement units: This group includes major items of property, a representative list of which shall be prescribed by this Commission. In lieu of the retirement units prescribed with respect to a particular account, a company may, after obtaining specific approval by this Commission, establish and maintain its own list of retirement units for a portion or all of the plant in any such account. For items included on the retirement units list, the original cost of any such items retired shall be credited to the plant account and charged to Account 3100 Accumulated Depreciation, whether or not replaced. The original cost of retirement units installed in place of property retired shall be charged to the applicable telecommunications plant account.

(ii) \* \* \*

(4) The accounting for the retirement of property, plant and equipment shall be as provided above except that amounts in Account 2111, Land, and amounts for works of art recorded in Account 2122, Furniture, shall be treated at disposition as a gain or loss and shall be credited or debited to Account 7100, Other operating income and expense, as applicable. If land or artwork is retained by the company and held for sale, the cost shall be charged to Account 2006, Nonoperating plant.

(5) When the telecommunications plant is sold together with traffic associated therewith, the original cost of the property shall be credited to the applicable plant accounts and the estimated amounts carried with respect thereto in the accumulated depreciation and amortization accounts shall be charged to such accumulated accounts. The difference, if any, between the net amount of such debit and credit items and the consideration received (less commissions and other expenses of making the sale) for the property shall be included in Account 7300, Nonoperating income and expense. The accounting for depreciable telecommunications plant sold without the traffic associated therewith shall be in accordance with the accounting provided in § 32.3100(c) of this subpart.

(e) \* \* \*

(f) \* \* \*

(3) \* \* \*

(i) Unit identification. Cost shall be identified and maintained by specific location for property record units contained within certain regulated plant accounts or account groupings such as Land, Buildings, Central Office Assets, Motor Vehicles, garage work equipment included in Account 2114, Tools and other work equipment, and Furniture. In addition, units involved in any unusual or special type of construction shall be recorded by their specific location costs (note also § 32.2000(f)(3)(ii)(B) of this subpart.

(ii) \* \* \*

(g) \* \* \*

(3) Acquired depreciable plant. When acquired depreciable plant carried in Account 1438, Deferred maintenance, retirements and other deferred charges, is distributed to the appropriate plant accounts, adjusting entries shall be made covering the depreciation charges applicable to such plant for the period during which it was carried in Account 1438.

(4) \* \* \*

(5) Upon direction or approval from this Commission, the company shall credit Account 3100, Accumulated depreciation, and charge Account 1438, Deferred maintenance, retirements and other deferred charges, with the unprovided-for loss in service value. Such amounts shall be distributed from Account 1438 to Account 6560, Depreciation and amortization expense over such period as this Commission may direct or approve.

(h) \* \* \*

(3) Amortization charges shall be made monthly to the appropriate amortization expense accounts and corresponding credits shall be made to accounts 2005, 2682, 2690, and 3410, as appropriate. Monthly charges shall be computed by the application of one-twelfth to the annual amortization amount.

(4) \* \* \*

(j) Plant Accounts to be Maintained by Class A and Class B telephone companies as indicated:

Account Title	Class A Account	Class B Account
Regulated Plant		
Property, plant and Equipment:		
Telecommunications plant in service	(1) 2001	(1) 2001
Property held for future	2002	2002

telecommunications use		
Telecommunications plant under construction-short term	2003	2003
Telecommunications plant adjustment	2005	2005
Nonoperating plant	2006	2006
Goodwill	2007	2007
TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)		
TPIS-General support assets:		
Land and support assets	.....	2110
Land	2111	.....
Motor vehicles	2112	.....
Aircraft	2113	.....
Tools and other work equipment	2114	.....
Buildings	2121	.....
Furniture	2122	.....
Office equipment	2123	.....
General purpose computers	2124	.....
TPIS-Central Office assets:		
Central Office-Switching	.....	2210
Non-digital switching	2211	.....
Digital electronic switching	2212	.....
Operator systems	2220	2220
Central Office-Transmission	.....	2230
Radio systems	2231	.....
Circuit equipment	2232	.....
TPIS-Information origination/termination assets:		
Information origination termination	.....	2310
Station apparatus	2311	.....
Customer premises wiring	2321	.....
Large private branch exchanges	2341	...
Public telephone terminal equipment	2351	.....
Other terminal equipment	2362	.....
TPIS-Cable and wire		

facilities assets:		
Cable and wire facilities	.....	2410
Poles	2411	.....
Aerial cable	2421	.....
Underground cable	2422	.....
Buried cable	2423	.....
Submarine and deep sea cable	2424	.....
Intrabuilding network cable	2426	.....
Aerial wire	2431	.....
Conduit systems	2441	.....
TPIS-Amortizable assets:		
Amortizable tangible assets	.....	2680
Capital leases	2681	.....
Leasehold improvements	2682	.....
Intangibles	2690	2690

(1) Balance sheet summary account only.

Section 32.2003 Telecommunications plant under construction is amended by revising paragraph (c) to read as follows:

**§ 32.2003 Telecommunications plant under construction.**

\* \* \* \* \*

(c) If a construction project has been suspended for six months or more, the cost of the project included in this account may remain in this account so long as the carrier excludes the original cost and associated depreciation from its ratebase and ratemaking considerations and reports those amounts in reports filed with the Commission pursuant to 43.21(e)(1) and 43.21(e)(2) of this chapter. If a project is abandoned, the cost included in this account shall be charged to Account 7300, Nonoperating income and expense.

\* \* \* \* \*

Section 32.2005 Telecommunications plant adjustment is amended by revising subparagraphs (1), (2), ( 3), and (4) of paragraph (b) to read as follows:

**§ 32.2005 Telecommunications plant adjustment.**

\* \* \* \* \*

(b) \* \* \*

(1) Debit amounts may be charged in whole or in part, or amortized over a reasonable period through charges to Account 7300, Nonoperating income and expense, without further direction or approval by this Commission. When specifically approved by this Commission, or when the provisions of paragraph (b)(3) of this section apply, debit amounts shall be amortized to Account 6560, Depreciation and amortization expense.

(2) Credit amounts shall be disposed of in such manner as this Commission may approve or direct, except for credit amounts referred to in paragraph (b)(4) of this section.

(3) The amortization associated with the costs recorded in the Telecommunications plant adjustment account will be charged or credited, as appropriate, directly to this asset account, leaving a balance representing the unamortized cost.

(4) Within one year from the date of inclusion in this account of a debit or credit amount with respect to a current acquisition, the company may dispose of the total amount from an acquisition of telephone plant by a lump-sum charge or credit, as appropriate, to Account 6560 without further approval of this Commission, provided that such amount does not exceed \$100,000 and that the plant was not acquired from an affiliated company.

Section 32.2007 Goodwill is amended by revising paragraph (a) to read as follows:

**§ 32.2007 Goodwill.**

(a) This account shall include any portion of the plant purchase price that cannot be assigned to specifically identifiable property acquired and such amount should be identified as "goodwill". Such amounts included in this account shall be amortized to Account 7300, Nonoperating income and expense, on a straight line basis over the remaining life of the acquired plant, not to exceed 40 years.

\* \* \* \* \*

Section 32.2111 Land is amended by revising paragraphs (f) and (g) to read as follows:

**§ 32.2111 Land.**

\* \* \* \* \*

(f) Installments of assessments for public improvement, including interest, if any, which are deferred without option to the company shall be included in this account only as they become due and payable. Interest on assessments which are not paid when due shall be included in Account 7500, Interest and related items.

(g) When land is purchased for immediate use in a construction project, its cost shall be included in Account 2003, Telecommunications plant under construction, until such time as the project involved is completed and ready for service.

\* \* \* \* \*

Section 32.2123 Office equipment is amended by deleting paragraph (b).

Section 32.2210 Central office—switching is revised to read as follows:

**§ 32.2210 Central office—switching.**

This account shall be used by Class B companies to record the original cost of switching assets of the type and character required of Class A companies in Accounts 2211 through 2212.

Section 32.2211 Analog electronic switching is renamed and paragraph (a) is revised to read as follows:

**§ 32.2211 Non-digital switching.**

(a) This account shall include:

(1) Original cost of stored program control analog circuit-switching and associated equipment.

(2) Cost of remote analog electronic circuit switches.

(3) Original cost of non-electronic circuit-switching equipment such as Step-by-Step, Crossbar, and Other Electro-Mechanical Switching.

\* \* \* \* \*

Section 32.2212 Digital electronic switching is amended by revising paragraph (a), redesignating paragraph (b) as paragraph (e), and adding new paragraphs (b), (c), (d) as follows:

**§ 32.2212 Digital electronic switching.**

(a) This account shall include the original cost of stored program control digital switches and their associated equipment. Included in this account are digital switches which utilize either dedicated or non-dedicated circuits. This account shall also include

the cost of remote digital electronic switches. The investment in digital electronic switching equipment shall be maintained in the following subaccounts:

2212.1 Circuit

2212.2 Packet

(b) *2212.1 Circuit.* This subaccount shall include the original cost of digital electronic switching equipment used to provide circuit switching. Circuit switching is a method of routing traffic through a switching center, from local users or from other switching centers, whereby a connection is established between the calling and called stations until the connection is released by the called or calling station.

(c) *2212.2 Packet.* This subaccount shall include the original cost of digital electronic switching equipment used to provide packet switching. Packet switching is the process of routing and transferring information by means of addressed packets so that a channel is occupied during the transmission of the packet only, and upon completion of the transmission the channel is made available for the transfer of other traffic.

(d) Digital electronic switching equipment used to provide both circuit and packet switching shall be recorded in the above subaccounts based upon its predominant use.

(e) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

Section 32.2215 Electro-mechanical switching is deleted.

Section 32.2231 Radio systems is revised to read as follows:

**§ 32.2231 Radio systems.**

(a) This account shall include the original cost of ownership of radio transmitters and receivers. This account shall include the original cost of ownership interest in satellites (including land-side spares), other spare parts, material and supplies. It shall include launch insurance and other satellite launch costs. This account shall also include the original cost of earth stations and spare parts, material or supplies therefor.

(b) This account shall also include the original cost of radio equipment used to provide radio communication channels. Radio equipment is that equipment which is used for the generation, amplification, propagation, reception, modulation, and demodulation of radio waves in free space over which communication channels can be

provided. This account shall also include the associated carrier and auxiliary equipment and patch bay equipment which is an integral part of the radio equipment. Such equipment may be located in central office building, terminal room, or repeater stations or may be mounted on towers, masts, or other supports.

Section 32.2232 Circuit equipment is amended by revising paragraphs (a) and (b), redesignating paragraphs (b) and (c) as (e) and (f), and adding new paragraphs (b), (c), and (d) as follows:

**§ 32.2232 Circuit equipment.**

(a) This account shall include the original cost of equipment which is used to reduce the number of physical pairs otherwise required to serve a given number of subscribers by utilizing carrier systems, concentration stages or combinations of both. It shall include equipment that provides for simultaneous use of a number of interoffice channels on a single transmission path. This account shall also include equipment which is used for the amplification, modulation, regeneration, circuit patching, balancing or control of signals transmitted over interoffice communications transmission channels. This account shall include equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers' communication paths or transmission channels. This account shall also include the original cost of associated material used in the construction of such plant. Circuit equipment may be located in central offices, in manholes, on poles, in cabinets or huts, or at other company locations. The investment in circuit equipment shall be maintained in the following subaccounts:

2232.1 Electronic

2232.2 Optical

(b) *2232.1 Electronic.* This subaccount shall include the original cost of electronic circuit equipment.

(c) *2232.2 Optical.* This subaccount shall include the original cost of optical circuit equipment.

(d) Circuit equipment that converts electronic signals to optical signals or optical signals to electronic signals shall be categorized as electronic.

(e) This account excludes carrier and auxiliary equipment and patch bays which are includable in Account 2231, Radio Systems. This account also excludes such equipment which is an integral component of a major unit which is classifiable to other accounts.

(f) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to digital and analog. Such

subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.2311 Station apparatus is amended by revising paragraph (f) as follows:

**§ 32.2311 Station apparatus.**

\* \* \* \* \*

(f) Periodic asset verification, as prescribed by generally accepted accounting principles, shall be taken of all station apparatus in stock that are included in this account. The number of such station apparatus items as determined by this verification together with the number of all other station apparatus items included in this account, shall be compared with the corresponding number of station apparatus items as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through Account 3100, Accumulated Depreciation. Appropriate verifications shall be made at suitable intervals and necessary adjustments between this account and Account 3100 shall be made for all station apparatus included in this account.

\* \* \* \* \*

Section 32.2424 Submarine cable is renamed and paragraph (a) is revised to read as follows:

**§ 32.2424 Submarine & deep sea cable.**

(a) This account shall include the original cost of submarine cable and deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic submarine and deep sea cable and metallic submarine and deep sea cable.

\* \* \* \* \*

Section 32.2425 Deep sea cable is deleted.

Section 32.2682 Leasehold improvements is amended to revise paragraph (c) as follows:

**§ 32.2682 Leasehold improvements.**

\* \* \* \* \*

(c) Amounts contained in this account shall be amortized over the term of the related lease. The amortization associated with the costs recorded in the Leasehold improvement account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

Section 32.2690 Intangibles is amended to read as follows:

**§ 32.2690 Intangibles.**

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Class A companies, except mid-sized incumbent local exchange carriers, shall maintain subsidiary records for general purpose computer software and for network software. Subsidiary records for this account shall also include a description of each class of all other tangible property.

(c) The cost of other intangible assets, not including software, having a life of one year or less shall be charged directly to Account 6560, Depreciation and Amortization Expense. Such intangibles acquired at small cost may also be charged to Account 6560, irrespective of their term of life. The cost of software having a life of one year or less shall be charged directly to the applicable expense account with which the software is associated.

(d) The amortization associated with the costs recorded in the Intangibles account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

(e) This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale or resale of capital stock.

(f) When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies concerned shall not be carried over.

(g) Franchise taxes payable annually or more frequently shall be charged to Account 7240, Operating other taxes.

(h) This account shall not include the cost of plant, material and supplies, or equipment furnished to municipalities or other governmental authorities when given other than as initial consideration for franchises or similar rights. (Note also Account 6720, General & administrative.).

(i) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2111, Land, or in the appropriate outside plant account (see Accounts 2411 through 2441), or in the appropriate central office account (see Accounts 2211 through 2232).

Section 32.3000 Instructions for balance sheet accounts—Depreciation and amortization is amended to read as follows:

**§ 32.3000 Instructions for balance sheet accounts—Depreciation and amortization.**

(a) \* \* \*

(2) Subsidiary records shall be maintained for Accounts 2005, 2682, 2690, and 3410 in accordance with § 32.2000(h)(4) of this subpart.

(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated

Account title	Class A account	Class B account
Depreciation and amortization:		
Accumulated depreciation	3100	3100
Accumulated depreciation-Held for future telecommunications use	3200	3200
Accumulated depreciation-Nonoperating	3300	3300
Accumulated amortization-Capitalized leases	3410	3410

Section 32.3100 Accumulated depreciation is amended by revising paragraph (b) and (d) to read as follows:

**§ 32.3100 Accumulated Depreciation.**

\* \* \* \* \*

(b) This account shall be credited with depreciation amounts concurrently charged to Account 6560, Depreciation and amortization expenses. (Note also Account 3300, Accumulated Depreciation--Nonoperating.)

(c) \* \* \*

(d) This account shall be credited with amounts charged to Account 1438, Deferred maintenance, retirements, and other deferred charges, as provided in § 32.2000(g)(4) of this subpart. This account shall be credited with amounts charged to Account 6560 with respect to other than relatively minor losses in service values suffered through terminations of service when charges for such terminations are made to recover the losses.

Section 32.3200 Accumulated depreciation—held for future telecommunications use is amended by revising paragraph (b) to read as follows:

**§ 32.3200 Accumulated depreciation—held for future telecommunications use.**

\* \* \* \* \*

(b) This account shall be credited with amounts concurrently charged to Account 6560, Depreciation and amortization expenses.

Section 32.3300 Accumulated depreciation—nonoperating is amended by revising paragraph (b) and (c) to read as follows:

**§ 32.3300 Accumulated depreciation—nonoperating.**

\* \* \* \* \*

(b) This account shall be credited with amortization and depreciation amounts concurrently charged to Account 7300, Nonoperating income and expense.

(c) When nonoperating plant not previously used in telecommunications service is disposed of, this account shall be charged with the amount previously credited hereto with respect to such property and the book cost of the property so retired less the amount chargeable to this account and less the value of the salvage recovered or the proceeds from the sale of the property shall be included in Account 7300, Nonoperating income and expense. In case the property had been used in telecommunications service previous to its inclusion in Account 2006, Nonoperating Plant, the amount accrued for depreciation thereon after its retirement from telecommunications service shall be charged to this account and credited to Account 3100, Accumulated depreciation, and the accounting for its retirement from Account 2006 shall be in accordance with that applicable to telecommunications plant retired.

Section 32.3400 Accumulated amortization is deleted.

Section 32.3410 Accumulated amortization—capital leases is amended by revising paragraph (b) and (c) to read as follows:

**§ 32.3410 Accumulated amortization—capital leases.**

\* \* \* \* \*

(b) This account shall be credited with amounts for the amortization of capital leases concurrently charged to Account 6560, Depreciation and amortization expenses. (Note also Account 3300, Accumulated Depreciation-- Nonoperating.)

(c) When any item carried in Account 2681 is sold, is relinquished, or is otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited to Account 7100, Other operating income and expenses, or Account 7300, Nonoperating income and expense, as appropriate.

Section 32.3420 Accumulated amortization—leasehold improvements is deleted.

Section 32.3500 Accumulated amortization—intangibles is deleted.

Section 32.3600 Accumulated amortization—other is deleted.

Section 32.4000 Instructions for balance sheet accounts—liabilities and stockholders' equity is redesignated as section 32.3999 and revised to read as follows:

**§ 32.3999 Instructions for balance sheet accounts—liabilities and stockholders' equity.**

Liabilities and Stockholders' Equity Accounts to be Maintained by Class A and Class B telephone companies

Account Title	Class A account	Class B account
Current liabilities:		
Current accounts and notes payable	4000	4000
Customer's Deposits	4040	4040
Income taxes--accrued	4070	4070
Other taxes--accrued	4080	4080
Net Current Deferred Nonoperating Income Taxes	4100	4100
Net Current Deferred	4110	4110

Nonoperating Income Taxes		
Other current liabilities	4130	4130
Long-term debt:		
Long Term debt and Funded debt	4200	4200
Other liabilities and deferred credits:		
Other liabilities and deferred credits	4300	4300
Unamortized operating investment tax credits-net	4320	4320
Unamortized nonoperating investment tax credits-net	4330	4330
Net noncurrent deferred operating income taxes	4340	4340
Net deferred tax liability adjustments	4341	4341
Net noncurrent deferred nonoperating income taxes	4350	4350
Deferred tax regulatory adjustments--net	4361	4361
Other jurisdictional liabilities and deferred credits-net	4370	4370
Stockholder's equity:		
Capital stock	4510	4510
Additional paid-in capital	4520	4520
Treasury stock	4530	4530
Other capital	4540	4540
Retained Earnings	4550	4550

Section 32.4000 Current accounts and notes payable is added to read as follows:

**§ 32.3400 Current accounts and notes payable.**

(a) This account shall include:

(1) All amounts currently due to others for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts. It shall also include amounts of taxes payable that have been withheld from employees' salaries.

(2) Accounts payable arising from sharing of revenues.

(3) The face amount of notes, drafts, and other evidences of indebtedness issued or assumed by the company (except interest coupons) which are payable on demand or not more than one year or less from date of issue.

(b) If any part of an obligation, otherwise includable in this account matures more than one year from date of issue, it shall be included in Account 4200, Long term debt and funded debt, or other appropriate account.

(c) The records supporting the entries to this account shall be kept so that the company can furnish complete details as to each note, when it is issued, the consideration received, and when it is payable.

(d) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

Section 32.4010 Accounts payable is deleted.

Section 32.4020 Notes payable is deleted.

Section 32.4030 Advanced billing and payments is deleted.

Section 32.4040 Customer's deposits paragraph (b) is amended to read as follows:

**§ 32.4040 Customer's deposits.**

\* \* \* \* \*

(b) Advance payments made by prospective customers prior to the establishment of service shall be credited to Account 4130, Other current liabilities.

Section 32.4050 Current maturities—long term debt is deleted.

Section 32.4060 Current maturities—capital leases is deleted.

Section 32.4070 Income taxes—accrued is amended and revised to read as follows:

**§ Section 32.4070 Income taxes—accrued.**

(a) This account shall be credited or charged and the following accounts shall be charged or credited with the offsetting amount of current year income taxes (Federal, state and local) accrued during the period or adjustments to prior accruals:

7220 Operating Federal Income Taxes

7230 Operating State and Local Income Taxes

7400 Nonoperating Taxes

7600 Extraordinary Items

(b) If significant, current year income taxes paid in advance shall be reclassified to Account 1280, Prepayments.

Section 32.4080 Other taxes—accrued is amended and revised to read as follows:

**§ 32.4080 Other taxes—accrued.**

(a) This account shall be credited or charged and Account 7240, Operating Other Taxes, or 7400, Nonoperating Taxes, or, for payroll related costs, the appropriate expense accounts shall be charged or credited for all taxes, other than Federal, State and local income taxes, accrued or adjusted for previous accruals during the period. Among the taxes includable in this account are property, gross receipts, franchise, capital stock, social security and unemployment taxes.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1280, Prepayments, or 1410, Other Noncurrent Assets, as appropriate.

Section 32.4110 Net current deferred nonoperating income taxes is amended by revising paragraph (c) and (f) to read as follows:

**§ 32.4110 Net current deferred nonoperating income taxes.**

\* \* \* \* \*

(c) This account shall be debited or credited with the amount being credited or debited to Account 7400, Nonoperating taxes, in accordance with that account's description and § 32.22 of Subpart B.

(d) \* \* \*

(e) \* \* \*

(f) This account shall be debited or credited with the amount being credited and debited to Account 7600, Extraordinary Items.

\* \* \* \* \*

Section 32.4120 Other accrued liabilities is deleted.

Section 32.4130 Other current liabilities is amended and revised to read as follows:

**§ 32.4130 Other current liabilities.**

(a) This account shall include:

(1) The amount of advance billing creditable to revenue accounts in future months; also advance payments made by prospective customers prior to the establishment of service. Amounts included in this account shall be credited to the appropriate revenue accounts in the months in which the service is rendered or cleared from this account as refunds are made.

(2) The amount (including any obligations for premiums) of long-term debt matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

(3) The current portion of obligations applicable to property obtained under capital leases.

(4) The amount of wages, compensated absences, interest on indebtedness of the company, dividends on capital stock, and rents accrued to the date for which the balance sheet is made, but not payable until after that date. Accruals shall be maintained so as to show separately the amount and nature of the items accrued to the date of the balance sheet.

(5) Matured rents, dividends, interest payable under monthly settlements on short-term loans, advances, and open accounts shall be included in Account 4000.

(6) All other liabilities of current character which are not included in Account 4000 through 4110.

Section 32.4200 Long term debt and funded debt is added to read as follows:

**§ 32.4200 Long term debt and funded debt.**

(a) This account shall include:

(1) The total face amount of unmatured debt maturing more than one year from date of issue, issued by the company and not retired, and the total face amount of similar unmatured debt of other companies, the payment of which has been assumed by the company, including funded debt the maturity of which has been extended by specific agreement. This account shall also include such items as mortgage bonds, collateral trust bonds, income bonds, convertible debt, debt securities with detachable warrants and other similar obligations maturing more than one year from date of issue.

(2) The premium associated with all classes of long-term debt. Premium, as applied to securities issued or assumed by the company, means the excess of the current money value received at their sale over the sum of their book or face amount and interest or dividends accrued at the date of the sale.

(3) The discount associated with all classes of long-term debt. Discount, as applied to securities issued or assumed by the company, means the excess of the book or face amount of the securities plus interest or dividends accrued at the date of the sale over the current money value of the consideration received at their sale.

(4) The face amount of debt reacquired prior to maturity that has not been retired. Gain or loss shall be recognized at the time of reacquisition by credits or charges to Account 7300, Nonoperating income and expense, except that material gains or losses shall be treated as extraordinary. (See Account 7600, Extraordinary items.)

(5) The noncurrent portion of obligations applicable to property obtained under capital leases. Amounts subject to current settlement shall be included in Account 4130, Other current liabilities.

(6) The amount of advance from affiliated companies. Amounts due affiliated companies which are subject to current settlement shall be included in Account 4000.

(7) Investment advances, including those represented by notes.

(8) Long-term debt not provided for elsewhere.

(b) Subsidiary records shall be maintained for each issue. The subsidiary records shall identify the premium or discount attributable to each issue.

(c) Premiums and discounts on long-term debt recorded in this account shall be amortized monthly by the interest method and charged or credited, as appropriate, to Account 7500, Interest and related items.

(d) Debt securities with detachable warrants shall be accounted for in accordance with generally accepted accounting principles.

(e) Securities maturing in one year or less, including securities maturing serially, shall be included in Account 4130, Other current liabilities.

Section 32.4210 Funded debt is deleted.

Section 32.4220 Premium on long term debt is deleted.

Section 32.4230 Discount on long term debt is deleted.

Section 32.4240 Reacquired debt is deleted.

Section 32.4250 Obligations under capital leases is deleted.

Section 32.4260 Advances from affiliated companies is deleted.

Section 32.4270 Other long-term debt is deleted.

Section 32.4300 Other long-term liabilities and deferred credits is added to read as follows:

**§ 32.4300 Other long-term liabilities and deferred credits.**

(a) This account shall include amounts accrued to provide for such items as unfunded pensions (if actuarially determined), death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere. Subsidiary records shall be maintained to identify the nature of these items.

(b) This account shall include the amount of all deferred credits not provided for elsewhere, such as amounts awaiting adjustment between accounts; and revenue, expense, and income items in suspense.

Section 32.4310 Other long-term liabilities is deleted.

Section 4330 Unamortized nonoperating investment tax credits—net is amended to read as follows:

**§ 32.4330 Unamortized nonoperating investment tax credits--net.**

(a) This account shall be credited and Account 7400, Nonoperating Taxes, shall be debited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be debited and Account 7400 credited with a proportionate amount determined in relation to the useful book life of the property to which the tax credit relates.

Section 32.4341 Net deferred tax liability adjustments is amended to read as follows:

**§ 32.4341 Net deferred tax liability adjustments.**

(a) This account shall include the portion of deferred income tax charges and credits pertaining to Account 32.4361, Deferred tax regulatory adjustments--net.

(b) \* \* \*

(2) Reclassification attributable to changes in tax rates (Federal, state and local). As tax rates increase or decrease, the offsetting debit or credit will be recorded in Account 4361 as required by paragraph (a) of this section.

\* \* \* \* \*

Section 32.4350 Net noncurrent deferred nonoperating income taxes is amended to read as follows:

**§ 32.4350 Net noncurrent deferred nonoperating income taxes.**

\* \* \* \* \*

(b) This account shall be credited or debited, as appropriate, and Account 7400, Nonoperating Taxes, shall reflect the offset for the tax effect of revenues from other operations and extraordinary items and nonoperating expenses which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of nonoperating expenses and extraordinary items and nonoperating income which have been included in the

determination of book income prior to the inclusion in the determination of taxable income.

(c) \* \* \*

(d) \* \* \*

(e) This account shall be charged or credited with the contra amount recorded to Account 7600, Extraordinary items, in accordance with § 32.22 of subpart B.

\* \* \* \* \*

Section 32.4360 Other deferred credits is deleted.

Section 32.4361 Deferred tax regulatory liability is renamed Deferred tax regulatory adjustments—net and revised to read as follows:

**§ 32.4361 Deferred tax regulatory adjustments--net.**

(a) This account shall include amounts of probable future revenue for the recovery of future increases in taxes payable and amounts of probable future revenue reductions attributable to future decreases in taxes payable. As reductions or reversals occur, amounts recorded in this account shall be reduced or increased, with a contra entry being made to Account 4341, Net deferred tax liability adjustments.

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance.

Section 32.4540 Other capital is amended to read as follows:

**§ 32.4540 Other capital.**

This account shall include amounts which are credits arising from the donation by stockholders of the company's capital stock, capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes. (See also Account 1410, Other noncurrent assets).

**Subpart D--Instructions for Revenue Accounts**

Section 32.4999 General is amended by eliminating paragraph (f)(2) and (g)(3), redesignating paragraph (g)(4) as (g)(3), and revising paragraphs (c), (d), (e), (g)(2), (h), (i)(1), and (n) to read as follows:

**§ 32.4999 General**

\* \* \* \* \*

(c) *Commissions.* Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account 6620 Services, and not to the revenue accounts. Other commissions shall be charged to the appropriate expense accounts.

(d) *Revenue recognition.* Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the terms of the related contract. Any amounts deferred shall be credited to Account 4300, Other long-term liabilities and deferred credits.

(e) *Contractual arrangements.* Charges and credits resulting from activities associated with the provisions of regulated telecommunications services shall be recorded in a manner consistent with the nature of the underlying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreements shall be recorded in each prescribed revenue account and prescribed subsidiary record categories thereof to the extent that each is separately identifiable in the settlement process. It is not intended that settlement amounts be allocated or generally spread to the individual revenue accounts where they are not separately identifiable in the settlement process. When the settlement amounts are not identifiable by a revenue account they shall be recorded in Account 5060, Other basic area revenue, 5105, Long distance message revenue, or 5200, Miscellaneous revenue, as appropriate.

(f) \* \* \*

(2) [Deleted]

(g) \* \* \*

(2) The revenue section of this system of accounts shall be comprised of six major groups--Local Network Services Revenues, Network Access Services Revenues, Long

Distance Network Services Revenues, Miscellaneous Revenues, Nonregulated revenues, and Uncollectible Revenues, which shall be considered as a revenue group for the purposes of the construction of the system.

(3) Accounts shall be maintained as prescribed in this Section subject to the conditions described in section 32.13 of subpart B. In certain instances, subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(4) [Deleted]

(h) *Local Network Services revenues.* Local Network Services revenues (Accounts 5001-5060) shall include revenues derived from the provision of service and equipment entirely within the basic service area. That area is defined as the normal boundaries for local calling plus Extended Area Service (EAS) boundaries as they apply to that service. It includes revenues derived from both local private network service and local public network services as well as from customer premises facilities services. Local revenues include associated charges such as one-time service connection or termination charges and secondary features such as call waiting.

(i) *Network Access revenues.* (1) Network Access revenues (Accounts 5081-5083) shall include revenues derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(i)(2) \* \* \*

(j) \* \* \*

(k) \* \* \*

(l) \* \* \*

(m) \* \* \*

(n) Revenue accounts to be maintained.

Account Title	Class A account	Class B account
Local Network Services Revenues:		
Basic local service revenue		5000
Basic area revenue	5001	.....
Private line revenue	5040	.....
Other basic area revenue	5060	.....
Network Access Service Revenues:		

End User Revenue	5081	5081
Switched access revenue	5082	5082
Special Access revenue	5083	5083
Long Distance Network Services Revenues:		
Long distance message revenue	5105	5105
Miscellaneous Revenues:		
Miscellaneous revenue	5200	5200
Nonregulated Revenues:		
Nonregulated operating revenue	5280	5280
Uncollectible Revenues:		
Uncollectible revenue	5300	5300

Section 32.5000 Basic local service revenue is amended to read as follows:

**§ 32.5000 Basic local service revenue.**

**Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5001 through 5060.**

Section 32.5001 Basic area revenue is amended to read as follows:

**§ 32.5001 Basic area revenue.**

(a) This account shall include revenue derived from the provision of the following:

(1) Basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(2) Optional extended area service.

(3) Cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

(4) General radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the

mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(b) Revenue derived from charges for nonpublished number or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5200, Miscellaneous revenue.

(c) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5200, Miscellaneous revenue.

Section 32.5004 Other mobile services revenue is deleted.

Section 32.5040 Local private line revenue is renamed as follows:

**§ 32.5040 Private line revenue.**

Section 32.5050 Customer premises revenue is deleted.

Section 32.5060 Other local exchange revenue is renamed and revised to read as follows:

**§ 32.5060 Other basic area revenue.**

(a) This account shall include:

(1) Revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call completion services (excluding operator assisted basic long distance calls), as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

(2) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account they shall be recorded in the applicable account.

(3) Revenue derived from tariffed information origination/termination plant. Included is revenue derived from the provision under leasing arrangements of tariffed

customer premises equipment (CPE), terminal equipment, station apparatus and large private branch exchanges as well as tariffed nonrecurring charges related solely to station apparatus. Also included are all tariffed charges for customer premises activities and facilities not related solely to station apparatus.

Section 32.5069 Other local exchange revenue settlements is deleted.

Section 32.5080 Network access revenue is deleted.

Section 32.5081 End user revenue is revised to read as follows:

**§ 32.5081 End user revenue.**

(a) This account shall contain federally and state tariffed monthly flat rate charge assessed upon end users.

(b) Subsidiary record categories shall be maintained in order that the company may separately report amounts related to federal and state tariffed charges.

Section 32.5082 Switched access revenue is revised to read as follows:

**§ 32.5082 Switched access revenue.**

(a) This account shall consist of federally and state tariffed charges assessed to interexchange carriers for access to local exchange facilities.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to limited pay telephone, carrier common line, line termination, local switching, intercept, information, common transport and dedicated transport. The subsidiary records shall also separately show the federal and state tariffed charges. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.5083 Special access revenue is revised to read as follows:

**§ 32.5083 Special access revenue.**

(a) This account shall include all federally and state tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End user revenue, and Account 5082, Switched access revenue.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to recurring charges, nonrecurring charges and surcharges. The subsidiary records shall also separately show the federal and state tariffed charges. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

Section 32.5084 State access revenue is deleted.

Section 32.5100 Long distance message revenue is renumbered and revised to read as follows:

**§ 32.5105 Long distance message revenue**

This account shall include revenue derived from message services that terminate beyond the basic service area of the originating wire center and are individually priced. This includes those message services which utilize the public long distance switching network and the basic subscriber access line. It also includes those long distance calls placed from mobile and public telephones, as well as any charges for operator assistance or special billing directly related to the completion of a specific call. This account shall also include revenue derived from individually priced message services offered under calling plans (discounted long distance) which do not utilize dedicated access lines, as well as those priced at the basic long distance rates where a discounted toll charge is on a per message basis. Any revenue derived from monthly or one-time charges for obtaining calling plan services shall be included in this account. This account includes revenue derived from the following services:

(a) Long distance services which permit unidirectional calls to a subscriber from specified services areas (multipoint-to-point service). These calls require the use of dedicated access lines connecting a subscriber's premises and a designated central office. These dedicated access lines are generally separate from those required for the subscriber to place outward calls. The call is billed to the subscriber even though it is generally initiated by the subscriber's customer or correspondent.

(b) Long distance services which permit the subscriber to place telephone calls from one location to other specified service areas (point-to-multipoint service). These calls are completed without operator assistance and require the use of a dedicated access line. The dedicated access line is generally separate from those required for inward message services and cannot be used to place calls within the basic service area or calls outside the selected service areas. Outward calls are screened and blocked to determine whether the calls are within an authorized service area.

(c) Services extending beyond the basic service area that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g.,

point-to-point communications). Service connection charges, termination charges, rearrangements and changes, etc., shall be included in this account. Revenue derived from associated administrative and operational support services shall also be included in this account.

(1) Narrow-band analog private network circuits and facilities furnished exclusively for record forms of communications, such as teletypewriter, teletypesetter, telewriter, ticker, Morse, signaling, remote metering, and supervisory services.

(2) Private network circuits and facilities (including multipurpose wide-band) which provide voice grade services for the transmission of analog signals. It includes revenue from services such as voice, data and telephoto communication, as well as remote metering, supervisory control, miscellaneous signaling and channels furnished for the purpose of extending customer--provided communications systems. It includes revenue from the provision of facilities between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension distribution channel.

(3) Private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (1) a serving office, (2) a carrier distribution point or (3) an extension distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates. If the rate for television program services includes both the picture and sound portion of the transmission, the revenue shall also be included in this account.

(4) Private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast and educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension distribution channel furnished in connection with such services. It also includes revenue from both the picture and sound portions of transmission for television program service when provided under a combined rate schedule.

(5) The provision of circuits and facilities for the transmission of digital signals only.

(6) The provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three (3) or more points in the network. Also included is revenue derived from the provision of basic switching and transfer arrangements used to connect private line channels.

(7) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance public network services and for tariffed long distance private network services.

Section 32.5110 Unidirectional long distance revenue is deleted.

Section 32.5111 Long distance inward-only revenue is deleted.

Section 32.5112 Long distance outward-only revenue is deleted.

Section 32.5120 Long distance private network revenue is deleted.

Section 32.5121 Subvoice grade long distance private network revenue is deleted.

Section 32.5122 Voice grade long distance private network revenue is deleted.

Section 32.5123 Audio program grade long distance private network revenue is deleted.

Section 32.5124 Video program grade long distance private network revenue is deleted.

Section 32.5125 Digital transmission long distance private network revenue is deleted.

Section 32.5126 Long distance private network switching revenue is deleted.

Section 32.5128 Other long distance private network revenue is deleted.

Section 32.5129 Other long distance private network revenue settlements is deleted.

Section 32.5160 Other long distance revenue is deleted.

Section 32.5169 Other long distance revenue settlements is deleted.

Section 32.5200 Miscellaneous revenue is revised to read as follows:

**§ 32.5200 Miscellaneous revenue**

(a) This account shall include revenue derived from the following:

(1) Alphabetical and classified sections of directories including fees paid by other entities for the right to publish the company's directories. It includes the classified section of the directories, the sale of new telephone directories whether they are the company's own directories or directories purchased from others. It also includes revenue from the sale of specially bound telephone directories and special telephone directory covers; amounts charged for additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical of the company's telephone directories; and charges for unlisted and non-published telephone numbers.

(2) Rental or subrental to others of telecommunications plant furnished apart from telecommunications services rendered by the company (This revenue includes taxes when borne by the lessee). It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements. The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts. When land or buildings are rented on an incidental basis for non-telecommunications use, the rental and expenses are included in Account 7300, Nonoperating income and expense.

(3) Services rendered to other companies under a license agreement, general services contract, or other arrangement providing for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services.

(4) The provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

(5) The performance of customer operations services for others incident to the company's regulated telecommunications operations which are not provided for elsewhere. (See also §§ 32.14(e) and 32.4999(e) of this part.)

(6) Contract services (plant maintenance) performed for others incident to the company's regulated telecommunications operations. This includes revenue from the incidental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities. The records supporting the entries in this account shall be maintained with sufficient particularity to identify the revenue and associated Plant Specific Operations Expenses related to each

undertaking. This account does not include revenue related to the performance of operation or maintenance activities under a joint operating agreement.

(7) The provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

(8) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also § 32.4999(e) of this subpart.) The extent that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

(9) The provision of transport and termination of local telecommunications traffic pursuant to section 251(c) and Part 51 of these rules.

(10) The provision of unbundled network elements pursuant to section 251(c) of the Communications Act and Part 51 of these rules.

(11) This account shall also include other incidental regulated revenue such as:

(i) Collection overages (collection shortages shall be charged to Account 6620, Services.)

(ii) Unclaimed refunds for telecommunications services when not subject to escheats;

(iii) Charges (penalties) imposed by the company for customer checks returned for non-payment;

(iv) Discounts allowed customers for prompt payment;

(v) Late-payment charges;

(vi) Revenue from private mobile telephone services which do not have access to the public switched network; and

(vii) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(12) Any definitely known amounts of losses of revenue collections due to fire or theft, (i) at customers' coin-box stations, (ii) at public or semipublic telephone stations, (iii) in the possession of collectors en route to collection offices, (iv) on hand at collection offices,

**and (v) between collection offices and banks shall be charged to Account 6720, General and Administrative.**

Section 32.5230 Directory revenue is deleted.

Section 32.5240 Rent revenue is deleted.

Section 32.5250 Corporate operations revenue is deleted.

Section 32.5260 Miscellaneous revenue is deleted.

Section 32.5261 Special billing arrangements revenue is deleted.

Section 32.5262 Customer operations revenue is deleted.

Section 32.5263 Plant operations revenue is deleted.

Section 32.5264 Other incidental regulated revenue is deleted.

Section 32.5269 Other revenue settlements is deleted.

Section 32.5270 Carrier billing and collection revenue is deleted.

Section 32.5280 Nonregulated operating revenue is amended to revise paragraph (c) as follows:

**§ 32.5280 Nonregulated operating revenue.**

\* \* \* \* \*

(c) Separate subsidiary record categories shall be maintained for two groups of nonregulated revenue as follows: one subsidiary record for all revenues derived from regulated services treated as nonregulated for federal accounting purposes pursuant to Commission order and the second for all other revenues derived from a nonregulated activity as set forth in (a).

Section 32.5300 Uncollectible revenue is revised to read as follows:

**§ 32.5300 Uncollectible revenue.**

This account shall be charged with amounts concurrently credited to Account 1170, Receivables.

Section 32.5301 Uncollectible revenue—telecommunications is deleted.

Section 32.5302 Uncollectible revenue—other is deleted.

Section 32.5999 General is amended by deleting paragraph (a)(3), redesignating (a)(4) as (a)(3), and revising paragraphs (b)(4), (c), and (g) as follows:

**§ 32.5999 General.**

(a) \* \* \*

(3) [Deleted]

(4) redesignated to read (a)(3)

(b)\* \* \*

(4) In addition to the activities specified in paragraph (b)(3) of this section, the appropriate Plant Specific Operations Expense accounts shall include the cost of personnel whose principal job is the operation of plant equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of other identifiable functions (such as the use of office equipment, capital tools or motor vehicles) the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see Account 6620, Services, and for costs of test board personnel see Account 6533.)

(c) Plant Nonspecific Operations Expense. The Plant Nonspecific Operations Expense accounts shall include expenses related to property held for future telecommunications use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group (except for Account 6540, Access expense, and Account 6560, Depreciation and amortization expense) shall include the costs of performing activities described in narratives for individual accounts. These costs shall also include the costs of supervision and office support of these activities.

(d) \* \* \*

(e) \* \* \*

(f) \* \* \*

(g) *Expense accounts to be maintained.*

Account Title	Class A account	Class B account
Income Statement Accounts		
Plant specific operations expense:		
Network support expense		6110
Motor Vehicle Expense	6112	....
Aircraft expense	6113	....
Tools and other work equipment expense	6114	....
General support expenses		6120
Land and Building expenses	6121	....
Furniture and artworks expense	6122	....
Office equipment expense	6123	....
General purpose computers expense	6124	....
Central Office switching expense		6210
Non-digital switching expense	6211	....
Digital electronic switching expense	6212	....
Operators system expense	6220	6220
Central office transmission expenses		6230
Radio systems expense	6231	....
Circuit equipment expense	6232	....
Information origination/termination expense		6310
Station apparatus expense	6311	....
Large private branch exchange expense	6341	....
Public telephone terminal equipment expense	6351	....
Other terminal equipment	6362	....

expense		
Cable and wire facilities expenses		6410
Poles expense	6411	....
Aerial cable expense	6421	....
Underground cable expense	6422	....
Buried cable expense	6423	....
Submarine and deep sea cable expense	6424	....
Intrabuilding network cable expense	6426	....
Aerial wire expense	6431	....
Conduit systems expense	6441	....
Plant nonspecific operations expense:		
Other property plant and equipment expenses		6510
Property held for future Telecommunications use expense	6511	...
Provisioning expense	6512	....
Network operations expenses		6530
Power expense	6531	....
Network administration expense	6532	....
Testing expense	6533	....
Plant operations administration expense	6534	....
Engineering expense	6535	....
Access expense	6540	6540
Depreciation and amortization expenses	6560	6560
Customer operations expense:		
Marketing		6610
Product management and sales	6611	
Product advertising	6613	
Services	6620	6620
Corporate operations expense:		
General and administrative	6720	6720
Provision for uncollectible	6790	6790

notes receivable		
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Section 32.6110 Network support expenses is revised to read as follows:

**§ 32.6110 Network support expenses.**

(a) Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6112 through 6114.

(b) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Section 32.6112 Motor vehicle expense is amended by revising paragraph (b) as follows:

**§ 32.6112 Motor vehicle expense.**

\* \* \* \* \*

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Section 32.6113 Aircraft expense is amended by revising paragraph (b) as follows:

**§ 32.6113 Aircraft expense.**

\* \* \* \* \*

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Section 32.6114 Tools and other work equipment expense is amended by revising paragraph (b) as follows:

**§ 32.6114 Tools and other work equipment expense.**

\* \* \* \* \*

(b) Credits shall be made to this account for amounts related to special purpose vehicles and other work equipment transferred to

Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Section 32.6120 General support expenses is revised to read as follows:

**§ 32.6120 General support expenses.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6121 through 6124.

Section 32.6124 General purpose computers expense is revised to read as follows:

**§ 32.6124 General purpose computers expense.**

This account shall include the costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning and maintaining application systems and databases for general purpose computers. (See also § 32.6720, General and administrative.) Separately metered electricity for general purpose computers shall also be included in this account.

Section 32.6210 Central office switching expenses is revised to read as follows:

**§ 32.6210 Central office switching expenses.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6211 through 6212.

Section 32.6211 Analog electronic expense is renamed and revised to read as follows:

**§ 32.6211 Non-digital switching expense.**

This account shall include expenses associated with non-digital electronic switching and electro-mechanical switching.

Section 32.6212 Digital electronic expense is renamed and revised to read as follows:

**§ 32.6212 Digital electronic switching expense.**

(a) This account shall include expenses associated with digital electronic switching. Digital electronic switching expenses shall be maintained in the following subaccounts:

6212.1 Circuit

6212.2 Packet

(b) *6212.1 Circuit*. This subaccount shall include expenses associated with digital electronic switching equipment used to provide circuit switching.

(c) *6212.2 Packet*. This subaccount shall include expenses associated with digital electronic switching equipment used to provide packet switching.

Section 32.6215 Electro-mechanical expense is deleted.

Section 32.6230 Central office transmission expense is revised to read as follows:

**§ 32.6230 Central office transmission expense.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6231 and 6232.

Section 32.6231 Radio systems expense is amended by deleting paragraph (b).

**§ 32.6231 Radio systems expense.**

(a) \* \* \*

(b) [Deleted]

Section 32.6232 Circuit equipment expense is revised to read as follows:

**§ 32.6232 Circuit equipment expense.**

(a) This account shall include expenses associated with circuit equipment. Circuit equipment expenses shall be maintained in the following subaccounts:

6232.1 Electronic

6232.2 Optical

(b) *6232.1 Electronic*. This subaccount shall include expenses associated with electronic circuit equipment.

(c) *6232.2 Optical*. This subaccount shall include expenses associated with optical circuit equipment.

Section 32.6310 Information origination/termination expenses is revised to read as follows:

**§ 32.6310 Information origination/termination expenses.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A telephone companies in Accounts 6311 through 6362.

Section 32.6410 Cable and wire facilities expenses is revised to read as follows:

**§ 32.6410 Cable and wire facilities expenses.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6411 through 6441.

Section 32.6424 Submarine cable expense is renamed and revised to read as follows:

**§ 32.6424 Submarine and deep sea cable expense.**

(a) This account shall include expenses associated with submarine and deep sea cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2424 (a) of subpart C.

Section 32.6425 Deep sea cable expense is deleted.

Section 32.6510 Other property, plant and equipment expenses is revised to read as follows:

**§ 32.6510 Other property, plant and equipment expenses.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6511 and 6512.

Section 32.6512 Provisioning expense is revised to read as follows:

**§ 32.6512 Provisioning expense.**

(a) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the periodic inventory of material and supplies.

(b) Credits shall be made to this account for amounts transferred to construction and/or to Plant Specific Operations Expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge.

Section 32.6530 Network operations expense is revised to read as follows:

**§ 32.6530 Network operations expense.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6531 through 6535.

Section 32.6560 Depreciation and amortization expenses is revised to read as follows:

**§ 32.6560 Depreciation and amortization expenses.**

(a) This account shall include:

(1) The depreciation expense of capitalized costs in Accounts 2112 through 2441, inclusive.

(2) The depreciation expense of capitalized costs included in Account 2002, Property held for future telecommunications use.

(3) The amortization of costs included in Accounts 2681, Capital leases, 2682, Leasehold improvements, and Account 2690, Intangibles.

(4) The amortization of costs included in Account 2005, Telecommunications plant adjustment, and lump-sum write-offs of amounts of plant acquisition adjustment as provided for in § 32.2005(b)(4) of Subpart C.

(b) Subsidiary records shall be maintained so as to show that character of the amounts related to plant acquisition adjustments.

Section 32.6561 Depreciation expense—telecommunications plant in service is deleted.

Section 32.6562 Depreciation expense—property held for future telecommunications is deleted.

Section 32.6563 Amortization expense—tangible is deleted.

Section 32.6564 Amortization expense—intangible is deleted.

Section 32.6565 Amortization expense—other is deleted.

Section 32.6610 Marketing is revised to read as follows:

**§ 32.6610 Marketing.**

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6611-6613.

Section 32.6611 Product management is renamed and revised to read as follows:

**§ 32.6611 Product management and sales.**

(a) This account shall include:

(1) Costs incurred in performing administrative activities related to marketing products and services. This includes competitive analysis, product and service identification and specification, test market planning, demand forecasting, product life cycle analysis, pricing analysis, and identification and establishment of distribution channels.

(2) Costs incurred in selling products and services. This includes determination of individual customer needs, development and presentation of customer proposals, sales order preparation and handling, and preparation of sales records.

Section 32.6612 Sales is deleted.

Section 32.6620 Services is amended by adding two subaccounts and is revised to read as follows:

**§ 32.6620 Services.**

(a) This account shall include:

(1) Costs incurred in helping customers place and complete calls, except directory assistance. This includes handling and recording; intercept; quoting rates, time and charges; and all other activities involved in the manual handling of calls.

(2) Costs incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling, and disseminating those listings through directory assistance or other means.

(3) Costs incurred in establishing and servicing customer accounts. This includes:

(i) Initiating customer service orders and records;

(ii) Maintaining and billing customer accounts;

(iii) Collecting and investigating customer accounts, including collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills;

(iv) Collecting and reporting pay station receipts; and

(v) Instructing customers in the use of products and services.

(b) This account shall also include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for billing and collection services. Subsidiary record categories shall be maintained in order that the entity may separately report interstate and intrastate amounts. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) Class A companies, except mid-sized incumbent local exchange carriers, shall maintain the following subaccounts for expenses recorded in this account:

6620.1 Wholesale

6620.2 Retail

(1) *6620.1 Wholesale*. This subaccount shall include costs associated with telecommunications services provided for resale to other telecommunications carriers.

(2) *6620.2 Retail*. This subaccount shall include costs associated with telecommunications services provided to subscribers who are not telecommunications carriers.

Section 32.6621 Call completion services is deleted.

Section 32.6622 Number services is deleted.

Section 32.6623 Customer services is deleted.

Section 32.6710 Executive and planning is deleted.

Section 32.6711 Executive is deleted.

Section 32.6712 Planning is deleted.

Section 32.6720 General and administrative is revised to read as follows:

**§ 32.6720 General and administrative.**

This account shall include costs incurred in the provision of general and administrative services as follows:

(a) Formulating corporate policy and in providing overall administration and management. Included are the pay, fees and expenses of boards of directors or similar policy boards and all board-designated officers of the company and their office staffs, e.g., secretaries and staff assistants.

(b) Developing and evaluating long-term courses of action for the future operations of the company. This includes performing corporate organization and integrated long-range planning, including management studies, options and contingency plans, and economic strategic analysis.

(c) Providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting (revenue requirements, separations, settlements and corollary cost accounting), non-customer billing, tax accounting, internal and external auditing, capital and operating budget analysis and control, and general accounting (accounting principles and procedures and journals, ledgers, and financial reports). Financial services include

banking operations, cash management, benefit investment fund management (including actuarial services), securities management, debt trust administration, corporate financial planning and analysis, and internal cashier services.

(d) Maintaining relations with government, regulators, other companies and the general public. This includes:

(1) Reviewing existing or pending legislation (See also Account 7300, Nonoperating income and expense, for lobbying expenses.);

(2) Preparing and presenting information for regulatory purposes, including tariff and service cost filings, and obtaining radio licenses and construction permits;

(3) Performing public relations and non-product-related corporate image advertising activities;

(4) Administering relations, including negotiating contracts, with telecommunications companies and other utilities, businesses, and industries. This excludes sales contracts (See also Account 6611, Product management and sales.); and

(5) Administering investor relations.

(e) Performing personnel administration activities. This includes:

(1) Equal Employment Opportunity and Affirmative Action Programs;

(2) Employee data for forecasting, planning and reporting;

(3) General employment services;

(4) Occupational medical services;

(5) Job analysis and salary programs;

(6) Labor relations activities;

(7) Personnel development and staffing services, including counseling, career planning, promotion and transfer programs;

(8) Personnel policy development;

(9) Employee communications;

(10) Benefit administration;

(11) Employee activity programs;

(12) Employee safety programs; and

(13) Nontechnical training course development and presentation.

(f) Planning and maintaining application systems and databases for general purpose computers.

(g) Providing legal services. This includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

(h) Procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

(i) Making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use. This excludes making routine alterations to existing products, processes, and other ongoing operations even though those alterations may represent improvements.

(j) Performing general administrative activities not directly charged to the user, and not provided for above. This includes providing general reference libraries, food services (e.g., cafeterias, lunch rooms and vending facilities), archives, general security investigation services, operating official private branch exchanges in the conduct of the business, and telecommunications and mail services. Also included are payments in settlement of accident and damage claims, insurance premiums for protection against losses and damages, direct benefit payments to or on behalf of retired and separated employees, accident and sickness disability payments, supplemental payments to employees while in governmental service, death payments, and other miscellaneous costs of a corporate nature. This account excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported.

Section 32.6721 Accounting and finance is deleted.

Section 32.6722 External relations is deleted.

Section 32.6723 Human resources is deleted.

Section 32.6724 Information management is deleted.

Section 32.6725 Legal is deleted.

Section 32.6726 Procurement is deleted.

Section 32.6727 Research and development is deleted.

Section 32.6728 Other general and administrative is deleted.

Section 32.6790 Provision for uncollectible notes receivable is revised to read as follows:

**§ 32.6790 Provision for uncollectible notes receivable.**

This account shall be charged with amounts concurrently credited to Account 1170, Receivables.

Section 32.6999 General is revised to read as follows:

**§ 32.6999 General.**

(a) Structure of the Other Income Accounts. The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) Other Income Accounts Listing.

Account Title	Class A Account	Class B Account
Other operating income and expense:		
Other operating income and expense	7100	7100
Operating taxes:		
Operating taxes		7200
Operating investment tax credits-net	7210	....
Operating Federal income taxes	7220	....
Operating State and Local income taxes	7230	....

Operating other taxes	7240	....
Provision for deferred operating income taxes--net	7250	....
Nonoperating income and expense:		
Nonoperating income and expense	7300	7300
Nonoperating taxes:		
Nonoperating taxes	7400	7400
Interest and related items:		
Interest and related items	7500	7500
Extraordinary items	7600	7600
Jurisdictional Differences and non-regulated income items:		
Income effect of jurisdictional ratemaking difference--net	7910	7910
Nonregulated net income	7990	7990

Section 32.7099 Content of accounts is deleted.

Section 32.7100 Other operating income and expenses shall be revised to read as follows:

**§ 32.7100 Other operating income and expenses.**

(a) This account shall be used to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. It shall be used to record all items of an operating nature such as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstances shall be matched and the result shown as a net gain or loss. This account shall include the following:

(1) Profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the company in constructing its own telecommunications plant facilities. The records supporting the entries in this account for income and custom work shall be maintained with sufficient particularity to identify separately the revenue and costs associated with each undertaking.

(2) Return on investment for the use of regulated property plant and equipment to provide nonregulated products and services.

(3) All gains and losses resulting from the exchange of foreign currency. Transaction (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

(4) Gains or losses resulting from the disposition of land or artworks.

(5) Charges or credits, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

Section 32.7110 Income from custom work is deleted.

Section 32.7130 Return from nonregulated use of regulated facilities is deleted.

Section 32.7140 Gains and losses from foreign exchange is deleted.

Section 32.7150 Gains and losses from the disposition of land and artworks is deleted.

Section 32.7160 Other operating gains and losses is deleted.

Section 32.7200 Operating taxes is revised to read as follows:

**§ 32.7200 Operating taxes.**

Class B telephone companies shall use this account for operating taxes of the type and character required of Class A companies in Accounts 7210 through 7250.

Section 32.7210 Operating investment tax credits—net is amended by revising paragraph (b) as follows:

**§ 32.7210 Operating investment tax credits--net.**

\* \* \* \* \*

(b) This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

Section 32.7240 Operating other taxes is amended by revising paragraph (d), (e), and (g) as follows:

**§ 32.7240 Operating other taxes.**

\* \* \* \* \*

(d) Interest on tax assessments which are not paid when due shall be included in Account 7500, Interest and related items.

(e) Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7300, Nonoperating income and expense.

(f) \* \* \*

(g) Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owner to Account 5200, Miscellaneous revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

Section 32.7299 Content of accounts is deleted.

Section 32.7300 Nonoperating income and expense is revised to read as follows:

**§ 32.7300 Nonoperating income and expense.**

(a) This account shall be used to record the results of transactions, events and circumstances affecting the company during a period and which are not operational in nature. This account shall include such items as nonoperating taxes, dividend income and interest income. Whenever practicable, the inflows and outflows associated with a transaction or event shall be matched and the result shown as a net gain or loss. This account shall include the following:

(1) Dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust including sinking or other funds, or otherwise controlled.

(2) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1410, Other noncurrent assets, as a reduction of the carrying value of the investments.

(3) Interest on securities, including notes and other evidences of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust including sinking or other funds, or otherwise controlled. It shall also include interest on cash bank balances, certificates of deposits, open accounts, and other analogous items.